

No. 22049

IN THE

United States Court of Appeals  
FOR THE NINTH CIRCUIT

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K-S-H PLASTICS, INC., a Missouri corporation,

*Appellant,*

*vs.*

CAROLITE, INC., a California corporation, and J. W.

CARROLL & SONS, a California corporation,

*Appellees.*

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APPELLEE'S BRIEF.

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FILED

SPENSLEY, HORN & JUBAS,

DEC 27 1967

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**APPELLEE'S BRIEF.\***

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**STATEMENT OF THE CASE.**

**A. SUMMARY OF THE FACTS.**

**1. Introduction.**

The statement of facts which follows is pursuant to Rule 18 (3)—9th Circuit. These facts are directed to two classes of facts. The first class of facts are those which complete the statement of facts plaintiff has presented. The second class of facts are those which are directly controverted by defendant or which are not supported by the record. The first class of facts will be presented in Section 2—Plaintiff's Business

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\*The Record comprises ten volumes, volumes three through ten containing the testimony at the trial. References to volume two are identified as "Vol. II, R. . ." Volume I is the record in the *Sunbeam* case. The remaining volumes with consecutive pagination are identified only by page reference numeral, thus "R. . .".

and Activities, Section 3—Defendants' Business and Activities, Section 4—The Market Place, and Section 5—Confusion and Likelihood of Confusion. The final Section 6 of facts will set forth controverted or unsupported facts.

## 2. Plaintiff's Business and Activities.

The use of flat plastic prismatic panels in lighting fixtures existed long before plaintiff's introduction of the K-4 pattern in May, 1958. As early or earlier than 1951, the P-4 pattern which is substantially similar to plaintiff's K-4 pattern was marketed by Rohm and Haas for use in lighting fixtures [R. 263-264; Def. Ex. A; R. 27; Plf. Ex. 168, Larry Wollen Depn. p. 56]. Similarly, plaintiff's K-5 pattern was preceded by many years by the Corning pattern 70 which is a glass prismatic panel for lighting fixtures of the same general hexagonal form [Def. Ex. AX, Richard Hawes Depn. p. 9].

The use of alphanumeric designations (e.g., P-4, K-4, R-4, C-4) to designate patterns has been common in the industry both as to panel manufacturers and fixture manufacturers [Pltf. Exs. 31, 32, 33, 190; R. 704; R. 1025; R. 1063-1064; R. 1020; Def. Exs. Z, AA-AE, BF, R.].

Typical alphanumeric designations used by panel manufacturers to designate panel patterns are as follows: R-5, A-5, K-5, C-55, P-4, K-4, C-4, P-21, ad infinitum. (See portion of record referred to in previous sentence). A typical example of the manner in which

a fixture manufacturer describes a fixture is as follows:

“XL 12 - 2. - 40 - RS - AG - PF

DIFFUSER

AG=Albalite Glass, PL= $\frac{1}{2}$ " x  $\frac{1}{2}$ " Styrene, DP=Drop Plastic, K11=Louvered Prismatic, K-12=Clear Prismatic, SL-23=Quiet Tone Prismatic, K5=Clear Prismatic, FP=Flat White Plastic.” [Def. Ex. AE, BG-B1].

The other fixture manufacturers have similar nomenclature practices. There are virtually hundreds of thousands of such alphanumeric catalog numbers employed by the various manufacturers [Def. Ex. AE, R, S2; Plf. Ex. 192, 193].

Roehlen Engraving, the company that formed embossing rolls for some of the plaintiff's patterns and all of defendants' patterns, is one of the more reputable engravers [Def. Ex. AY, R. 16; Pltf. Ex. 169, Larry Wellen Depn. p. 22]. Roehlen Engraving has hundreds of open patterns available for customers and upon request it supplies samples of such open patterns to customers [Plf. Ex. 167, Carroll Depn. p. 13]. Plaintiff has no confidential agreement or proprietary agreement with Roehlen Engraving and Roehlen Engraving has given defendants patterns to its customers [Def. Ex. AY, Stahlhut Depn. p. 16; Plf. Ex. 167, R. Carroll Depn. p. 13].

Plaintiff has since 1958 had at least two catalogs [Plf. Exs. 3, 4 and 5]. The first catalog which was used from about 1961 was a red and gray soft covered catalog [Plf. Ex. 5]. This catalog was utilized until the middle of 1963 when plaintiff changed to a

blue-green catalog having a vinyl hardback three ring type of construction, such as employed by Corning before plaintiff [Def. Ex. T]. Up until the introduction of the hardback catalog, the plaintiff's primary patterns were the K-4 and K-5. In 1963, the line was expanded and the K-11 and K-12 patterns were added [Pltf. Ex. 3, para. 12]. The plaintiff's catalog and the prior catalog of Corning were different in that the test reports as supplied by Independent Testing Laboratories were incorporated into plaintiff's catalog. Such tests results were used in the catalog of other panel manufacturers [Def. Ex. U]. The Independent Testing Laboratory reports were incorporated into the catalogs of plaintiff as supplied by the laboratory [R. 42]. The plaintiff has copyright protection on certain of the pages of its catalogs [Pltf. Ex. 4].

K-S-H has a policy of applying for registered trademarks and failed to apply for trademark registration of their alphanumeric designations until after the filing of this lawsuit notwithstanding their use of catalog or pattern numbers K-4 and K-5 for a period in excess of seven years [Def. Ex. AY, Leo Stahlhut Depn. p. 59; Def. Ex. AX, Richard Hawes Depn. p. 22]. After the filing of this lawsuit, K-S-H did attempt to register the alphanumeric designations K-11 and K-12 but for some reason did not attempt to register alphanumeric designations K-4 and K-5 at that time [R. 120].

In adopting the alphanumeric catalog designations, K-S-H has continually used the designations to describe a particular pattern [Finding of Fact 13, Vol. 2, R. 42]. For example, in original brochures, the terms used were "Type K-4" and "Type K-5." [Pltf. Ex. 5

and 6]. The alphanumeric designations have not been placed on the actual panels but have generally been written on or stenciled on the end of the box to describe the contents [Plf. Ex. 182, R. 1145]. Order documents and other materials have carried the alphanumeric designations in the description portion of the order form [Plf. Ex. 23, 35-39, 182]. In advertising the words "K-LITE" and K-S-H have been prominently displayed and indicated as registered trademarks, and it has been advertised that customers should specify K-LITE or K-LITE by K-S-H [Pltf. Ex. 11-22]. The K numbers virtually always appear in combination with the K-LITE registered trademark or the K-S-H registered trademarks. Throughout the period of use since 1958, many persons in the lighting fixture industry have similarly referred to alphanumeric designations as a shorthand way of describing a particular pattern [Findings of Fact 17, Vol. II, R. 44; R. 27-28; R. 262-265; R. 893-894; R. 975; R. 695; Plf. Ex. 11-22]. This usage has never been objected to by K-S-H until the filing of this lawsuit. Not one fixture manufacturer or specifier or other person in the industry has ever been told they were improperly using alphanumeric designations notwithstanding wide usage in catalogs and documents without reference to them as a trademark [Def. Ex. AY, Leo Stahlhut Depn. pp. 78-79].

The extruded embossed sheets of K-S-H are shipped in boxes on which the words K-LITE and K-S-H are printed in large letters on the top surface of the box [Plf. Ex. 182; Findings of Fact 8, Vol. II, R. 41]. At one end of the box the contents of the box is described and there is in this description of the contents

of the box reference to the particular alphanumeric pattern that is contained therein. A typical description is as follows:

“26 pieces K-12 WH acrylic 10-3/8 x 47-5/8 x 1/8.”

The plastic panels themselves are marked with a minute K-LITE (approximately  $\frac{1}{4}$  of an inch high) on one part of the surface of the panel near the end of said panel [Plf. Ex. 182; R. 1145; Finding of Fact 8, Vol. II, R. 41]. The K-LITE mark on the panel is a transparent mark on a transparent panel [Findings of Fact 8, Vol. II, R. 41; Def. Ex. I].

This mark may be trimmed off by the fixture manufacturer O in fitting the panel to the fixture [Finding of Fact 8, Vol. II, R. 41] and in any event is hidden when installed in the fixture. The fixture is, placed in the ceiling of a particular structure. To locate the minute transparent mark the fixture must be, in part, disassembled and the disassembler must climb a ladder and be at the right end and corner of the fixture to locate the mark [R. 42-46].

### 3. Defendant's Business and Activities.

J. W. Carroll & Sons was formed in 1958 by J. Warren Carroll (Father), Robert Carroll (Son), Richard Carroll (Son), and Larry Wellen (son-in-law) [Finding of Fact 2, Vol. II, R. 40]. J. Warren Carroll had been in business since at least 1940 engaged in the production of plastic parts and having special expertise in the process of extruding plastic parts [Plf. Ex. 166, J. W. Carroll Depn. p. 4]. The remaining principals had spent substantially all their business careers in the

field of plastic extrusion for the lighting fixture industry [Pltf. Ex. 165, Robert Carroll Depn. p. 4; Pltf. Ex. 167, Richard Carroll Depn. pp. 4-6].

In September, 1962, defendant J. W. Carroll & Sons which had up to that time been primarily engaged in the manufacture of shaped lighting panels for the lighting fixture industry decided to and took steps to enter into the field of extruded flat prismatic panels [Plf. Ex. 3, Para. 6]. At this time the plaintiff was manufacturing the K-4 pattern and the K-5 pattern. The defendants decided to enter into this field because of the potential of sales to their customers in the shaped lighting panel field located primarily on the West Coast [R. 402; R. 417; Pltf. Ex. 168, Larry Wellen Depn. p. 26; Plf. Ex. 180, Herbert Krieger Depn. pp. 5-6]. The first step in manufacturing these products was to procure an embossing roll. One employee of J. W. Carroll & Sons, Mr. Teechman, suggested that Roehlen Engraving Works be contacted with regard to the preparation of rolls for J. W. Carroll & Sons [Plf. Ex. 168, Larry Wellen Depn. p. 22]. Also, a Mr. Hans Buchan, a sales representative for National Rubber Machinery Corporation, who J. W. Carroll & Sons were buying their machinery from, also suggested that Rochlen Engraving Works be contacted with regard to the purchase of embossing rolls [Plf. Ex. 167, Richard Carroll Depn. p. 8]. The embossing roll for the C-55 configuration as well as all other embossing roll patterns that Carolite purchased from Roehlen Engraving were open patterns from their library of many patterns, made available by Roehlen Engraving to any person or company [Plf. Ex. 169, Larry Wellen Depn. pp. 9-10; Def. Ex. AY, Leo Stahlhut Depn. pp. 16-17; Plf.

Ex. 168, Larry Wellen Depn. p. 19]. The defendants subsequently purchased rolls for the C-1, C-4, C-11, and C-12 patterns as well as the Metalux and Sunlux patterns which are also flat prismatic panels manufactured by defendant. The only patterns which are the subject of this lawsuit are the C-4, C-55, C-11 and C-12 patterns [Plf. Ex. 3, para. 13].

The name Carolite along with their logo was selected by J. W. Carroll & Sons. CAROLITE is a combination of the name of three of the four principals (the Carrolls) and the word LITE which is commonly employed in the lighting and fixture industry. For example, various companies in the industry employ "Diffusalite" [Plf. Ex. 168, Larry Wellen Depn. p. 19], "Formalite" [Pltf. Ex. 180, Herbert Krieger Depn. p. 9], "Prescolite", Plaskolite" [Plf. Ex. 106, Harold Glass Depn. p. 27, p. 34], Nulite [R. 1000], Alba-Lite and Honeylite [Def. Ex. R], and Spiro-Lite [Def. Ex. EF, Sam Wigodner Depn. p. 71]. The word LITE is suggestive of the use of the product.

The defendants in 1963 handed out promotional sheets to its customers [Pltf. Ex. 168, Larry Wellen Depn. pp. 16-18; Plf. Ex. 170-177]. In 1965, when its product line was sufficiently developed, it issued a vinyl three ring notebook having a gold cover and having the name CAROLITE displayed on the cover along with the name appearing on every page at least once [Plf. Ex. 73]. The information on the C-4, C-55, C-11 and C-12 patterns were arranged in numerical order and color coded. The written material relating to each pattern was printed in a different color and separated by different color notebook dividers. The K-S-H cata-

log was blue-green, did not have color coding and did not have dividers [Plf. Ex. 4]. The general format of the information on each page in the defendants' catalog along with the specification instructions and the text on each page were different than that appearing in the K-S-H catalog. The defendants' original catalog was designed by an independent industrial designer and Larry Wellen, President of defendant Carolite, after re-viewing numerous catalogs [Plf. Ex. 3, para. 15; R. 470]. Plaintiff's Vice President stated that he knew of no one that was confused between plaintiff's and defendants' catalogs [Plf. Ex. AY, Leo Stahlhut Depn. p. 28].

The photometric data in the defendants' catalog was prepared by Independent Testing Laboratories ("ITL"). A representative from ITL contacted defendants with regard to running photometric tests for its panels [R. 405]. Eventually, ITL furnished defendants with reports on various prismatic panels on ITL's standard form and in certain instances with several minor modifications [Plf. Ex. 72A]. These identical forms with the data thereon were reprinted in the proper color coding and inserted in the catalog following the relevant product sheet.

The defendants' plastic prismatic panels are normally shipped in cartons having the word CAROLITE prominently displayed thereon [Plf. Ex. 167, Richard Carroll Depn. pp. 37-38; R. 441-443; Def. Ex. BP; Finding of Fact 8, Vol. II, R. 41]. In addition, descriptive matter is marked on the end of the box with the alphanumeric designation C-4, or C-55, etc. appearing in a line for pattern description [Def. Ex. BP]. Some customers sell the panels under their own brand name or

desire their own catalog designation on the boxes for inventory or assembly purposes [Def. Ex. AD; Plf. Ex. 91; Def. Ex. BF, Wigodner Depn. pp. 32-33]. In any event, Carolite places a packing slip inside of the box of panels with the word CAROLITE prominently displayed on the packing slip [Finding of Fact 15, Vol. II, R. 43]. Similarly, all invoices, stationery and business cards of defendants prominently display the corporate name with many of the documents bearing the motto "West's largest plastic extruder," indicating defendants are manufacturers [Finding of Fact 15, Vol. II, R. 43; R. 476-477] The boxes of plastic prismatic panels are usually sent directly to the lighting fixture manufacturer and only in rare instances are they sent to the job site. [R. 475].

#### 4. The Market Place.

The lighting fixture business forms a part of the building construction industry and, in particular, the commercial and industrial aspect of that industry. Generally, the building construction industry is involved in bringing various devices (air conditioning units, heating units, plumbing sets, etc.) and materials (e.g., steel members, wall coverings, concrete, etc.) which is assembled into a finished structure. One of the devices employed in such structures is a lighting fixture. In commercial and industrial enterprises this lighting fixture employs a metal troffer, a ballast, wiring, lamps, mounting elements and diffusers [Def. Ex. H, I; Plf. Ex. 118; R. 1015]. Many of these components are

purchased by the fixture manufacturers from independent suppliers, such as the plaintiff and defendants in this case. A fixture manufacturer will have a number of sources for each component [R. 978, R. 1000, R. 1015, R. 1043].

The components (plastic diffusers) are sold by plaintiff and defendants to the particular fixture manufacturer and assembled into various fixtures. The fixtures are then sold to a wholesale distributor who in turn sells the electrical goods to an electrical contractor, who in turn sells (and installs) the electrical goods to a general contractor, who in turn is constructing the building to a set of specifications set up by an architect for the ultimate consumer, that is, the owner of the building [R. 1117, See Charts 1 and 2 in Appendix].

The component supplier is at one end of the supply portion of the distribution channel and the architect and owner are at the other end of this distribution channel. The fixture manufacturer is held responsible by the architect for the quality of the fixture and the components therein as well as for meeting the specification [R. 164, R. 119]. The specification process is summarily set forth in the Findings of Fact [Finding of Fact 8, Vol. II, R. 41] as follows:

“Specifiers (architects or lighting engineers) as agents for the building owners, prepare a specification identifying the electrical equipment, including lighting fixtures, and the lighting panels to be used therewith, in a specification which is dis-

tributed ultimately to lighting fixture manufacturers. (The specification may have two or more manufacturers of fixture, specified for any given fixture) [Plf. Ex. 219-52]. Bids are prepared by the lighting fixture manufacturers and submitted to the specifiers for approval. Items which are intended to be provided which are not in accordance with the specification may be submitted by the lighting fixture manufacturer for approval of such substitute by the specifier. Based on these bids, the specifier or owner awards the contract to a general contractor or an electrical equipment distributor. (The lighting panel may be specified by characteristics, pattern, or manufacturer or other definitions) [Plf. Ex. 49-52]. In the event that the lighting panel is specified to be that of a particular lighting panel manufacturer, the panel is ordered from the lighting panel manufacturer, such as plaintiff or defendants, or approval is obtained by the fixture manufacturer. Lighting panels are supplied to fixture manufacturers by defendants and plaintiff in cartons with their respective names thereon. The plaintiff, in addition, imprints its name in the corner of the panel with transparent letters about  $\frac{1}{4}$  inch in height. Some fixture manufacturers, in fitting the panel to the fixture, trim it therefrom. The panels are placed in the fixtures by the fixture manufacturers and shipped to the job site. The plaintiff's transparent printing that remains on the panel is obscured by the fixture." (The facts in parenthesis were added. See Charts 1 and 2 in Appendix).

## 5. Confusion, Likelihood of Confusion and Pattern Designations.

Plaintiff introduced no specifier as a witness that (architect or engineer) that could state he had, in fact, ordered a panel by an alphanumeric number, that is K-4, K-5, and intended to receive a K-S-H panel. The plaintiff introduced no witness that stated that it ordered a K-S-H panel either by listing an alphanumeric designation alone or by listing an alphanumeric designation along with the name K-S-H and received a Carelite panel with the exception of the Lincoln Hospital job wherein the panel was specified as "K-S-H K-4." (The facts relating to the Lincoln Hospital job and the conclusions relating thereto are not the subject of this appeal. The facts are summarized in the Appendix section C with Record references). The plaintiff, in order to uncover such instances, took approximately forty depositions and had complete access to defendant Carelite's file. The defendants early in the case sought to obtain information which the plaintiff had available on likelihood of confusion and palming off. The plaintiff refused to answer questions posed during the deposition of Leo Stahlhut regarding such matters and was subsequently compelled by the court to disclose the alleged instances of confusion and palming off [Def. Ex. AY, Leo Stahlhut Depn. R. 28-30]. Eventually the plaintiff stated certain fixture manufacturers that were confused. The fixture manufacturers that testified were not confused. They testified that they employed alphanumeric designations as descriptive of patterns and that they obtained the prismatic panels from the manufacturer they intended to [R. 675, R. 702, R. 975, R. 1030]. (Plaintiff's position that fixture man-

ufacturers were confused has apparently been revised. Compare pages 20, line 7; 23, lines 29-32 and 37, line 6 of Plaintiff's brief.)

The alphanumeric designations (K-numbers) are generally used in specifying, ordering and supplying panels to indicate pattern only. The primary significance of K numbers alone both in trade and among purchasers is one of pattern and not producer [Finding of Fact 10, Vol. I, R. 41]. The use of alphanumeric designations K-4, K-5, K-11, etc., in specification and orders without more does not require a panel from a particular manufacturer to be supplied. [Findings of Fact 16, Vol. II, R. 44]. (The facts relating to the descriptiveness of the alphanumeric designation is fully developed in the Appeal Brief of Sunbeam.) The plaintiff did not show actual confusion, likelihood of confusion or mistake or deceit by use of the alphanumeric designations in connection with similar products nor was there shown an intent to palm off [Finding of Fact 15, Vol. II, R. 43].

With respect to actual specifications, the plaintiff introduced numerous specifications [Plf. Exs. 47-52] but did not call on one architect or specifier that was an author of such a specification. The plaintiff introduced documents on the Charter Oaks job [Plf. Ex. 49], the National Gypsum job [Plf. Ex. 50], the Ronson Hydraulics job [Plf. Ex. 51] and the L. A. Trade Tech College job [Plf. Ex. 52]. All of the specifications on these jobs were written by architectural firms within the proximity of the greater Los Angeles area. No witness from these firms was called. Four other instances of supposed possible confusion in specifications were San Clemente Elementary School job

[Def. Ex. AL], the Taylor Elementary School job [Def. Ex. AM], the Norco Elementary School job [Def. Ex. AO], and the Coroneta Elementary School job [Def. Ex. AN], wherein the specifications recited "K-4 control lens". The engineer responsible for preparing of these specifications was Arthur Root who testified that with respect to these specifications it was intended that the K-4 only described a particular prismatic pattern in the specification and not any particular manufacturer [R. 863-874].

Orders from fixture manufacturers to Carolite on occasion refer in the description portion of the order to alphanumeric designations K-4. The use of such designations in orders to defendants was stated to arise from clerical errors, processing errors or utilizing the alphanumeric designation as a description [R. 865, R. 907, R. 956, R. 986, R. 1002, R. 1020, R. 1030, R. 1063]. In all cases where testimony was received with respect to such orders, the fixture manufacturer stated it received the panel from the manufacturer whom it intended to buy from [R. 907, R. 960, R. 989, R. 1003].

## **6. Facts Stated in Plaintiff's Brief Controverted by Defendant.**

There is no showing in the record that any of the patterns K-4, K-5, K-11 or K-12 were unique or original. The record does indicate that the K-4 pattern was similar to the P-4 pattern and that the P-4 pattern was sold by Rohm and Haas as early as 1951 [Def. Ex. A; R. 27]. In addition, the introduction of K-11 pattern was objected to by another manufacturer because they felt it was very similar to their pattern

[R. 32]. The K-12 pattern was substantially similar to the PL-21 manufactured by Plaskolite [R. 1166].

There is no support in the record that Tedlar was a new concept or a concept that was first introduced by plaintiff. Upon plaintiff's objection the court excluded all testimony as to when defendants began development of their Tedlar coated panels [R. 481]. Carolite was showing Tedlar panels to fixture manufacturers in early 1964 [Plf. Ex. 98] before K-S-H's earliest advertisement in December, 1964 [Plf. Ex. 14 and 15].

There is no support in the record of findings that the embossing roll made by Roehlen Engraving to emboss the C-55 pattern was engraved from the engraving tool paid for by K-S-H Plastics (Plaintiff's Br. p. 8, first complete sentence). There is no support in the record that J. W. Carroll & Sons approached ITL (Plaintiff's Br. p. 8, third complete sentence). It was not agreed by defendant that there was other jobs like the Lincoln Hospital job (Plaintiff's Br. p. 10, second paragraph). To the contrary with respect to defendants Carolite and J. W. Carroll & Sons, plaintiff had full discovery and the Lincoln Hospital job was the only situation that was located out of many hundreds of orders wherein a "K-S-H K-4" panel was specified by and a CAROLITE panel eventually was supplied to the specifier by the fixture manufacturer. The defendant has always and continues to maintain that this was an isolated instance of which it had no knowledge. As a result of the Lincoln Hospital job, the defendants were not generally enjoined from aiding and abetting fixture manufacturers but rather the court ordered the defendants from *knowingly* participating, *knowingly* inducing, *knowingly* aiding or *knowingly* abetting fixture manu-

facturers to palm off defendants' lighting panel as though the plaintiff when a K-S-H K-4, K-S-H K-5, etc., has been specified *and* Carolite knows of such specification *and* knows of the failure of the fixture manufacturer to obtain approval as required. This order by the court is not the subject of this appeal. Conclusion of Law VI, Volume II, R. 46 does not support that plaintiff's statement on page 10 of its brief (second paragraph, second sentence), that the defendants were guilty of unfair competition in the Lincoln Hospital job. This conclusion of law states as follows:

"Defendant, CAROLITE, INC., or J. W. CARROLL & SONS, is guilty of unfair competition when CAROLITE, INC., or J. W. CARROLL & SONS substitutes a C-4 panel for a K-S-H K-4 panel which was so requested from CAROLITE, INC. or J. W. CARROLL & SONS."

#### **B. QUESTIONS INVOLVED.**

1. Whether the finding of fact by the trial court:  
(a) that the designations K-4, K-5, K-11 and K-12 are when used in a specification alone or in an order alone describe a pattern; (b) that the pattern designations C-4, C-55, C-11 and C-12 are not confusingly similar to the pattern designations K-4, K-5, K-11 and K-12; (c) that there was no likelihood of confusion or actual confusion; (d) that there was no intent to palm off; and (e) that there was no likelihood of confusion created by Carolite's use of the alphanumeric designations C-4, C-55, C-11 and C-12 in view of plaintiff's prior use of the alphanumeric designations K-4, K-5, K-11 and K-12 on identical products sold to the same class of purchasers through the same channels of distribution along with other activities, are subject to the clearly erroneous rule;

2. Whether defendant Carolite has committed unfair competition by making panels having patterns identical to plaintiff, employing the designations C-4, C-55, C-11 and C-12, putting out a catalog and employing Roehlen Engraving Works and Independent Testing Laboratories as vendors.

3. Whether Carolite was guilty of unfair competition by aiding and abetting fixture manufacturers in substituting its lighting panels, when the lighting panels were specified by alphanumeric designations K-4, K-5, K-11 and K-12 *alone*, when Carolite has no knowledge of a particular specification or the lack of approval.

4. Whether defendants' registered trademark CAROLITE infringes plaintiff's registered trademark KLITE.

## ARGUMENT.

### Introduction.

At the conclusion of plaintiff's attempt to establish a *prima facie* case, all matters pending with respect to Carolite were dismissed except the Lincoln Hospital job. Defendants Carolite and J. W. Carroll & Sons were precluded from introducing evidence other than on the Lincoln Hospital job. With respect to the remainder of the trial and the findings with respect thereto, the defendants Carolite and J. W. Carroll & Sons accept all findings and conclusions of law against K-S-H. In the event these matters are finally adjudicated in favor of Sunbeam, Carolite and J. W. Carroll & Sons would seek to invoke the doctrine of collateral estoppel with respect to such findings which are against the plaintiff. In all other respects, defendants Carolite and J. W. Carroll & Sons do not intend to waive their right to cross-examination and to introduce evidence.

Plaintiff in general asserts that it has three additional causes of action that the court should have rightly found in its favor. These causes of action are as follows:

A. That the use of the alphanumeric designations along with a number of other activities constitutes unfair competition.

B. That the use of the trademark, CAROLITE, infringes plaintiff's trademark, K-LITE; and,

C. The supplying of panels to fixture manufacturers without a mark on the lighting panel (such as the quarter inch ( $\frac{1}{4}$ ") transparent mark which plaintiff places on the panel) constitutes contributory palming off and unfair competition.

These causes of action will be discussed below.

A. The Use by Defendant of Alphanumeric Designations Which Are Distinct From Plaintiff's Alphanumeric Designations Along With the Performance of Additional Proper Acts Does Not Constitute Unfair Competition.

The plaintiff's theory which may be referred to as the "predatory plan" theory rests on there being a valid trademark in the alphanumeric designations. (The non-existence of a trademark is fully considered in the Brief of Sunbeam which is incorporated herein by this reference. The failure of plaintiff to establish a trademark defeats this appeal). According to the plaintiff the existence of the alleged trademark along with (doubtful) confusingly similarity becomes unfair competition when coupled with a predatory plan. The need for a predatory plan admits that the alphanumeric designations of defendants are not in themselves confusingly similar to plaintiff's alphanumeric designations but require a "predatory plan" to convert them to such. The plaintiff's contentions and defendants' contentions with respect to the "predatory plan" are tabularized as follows:

TABLE I

"PREDATORY PLAN" THEORY COMPARISON	
<i>Plaintiff's Contentions</i>	<i>Defendants' Contentions</i>
(1) Carolite's catalogs are organized like that of KSH as part of a predatory plan.	(1) a. The Carolite catalog is as much like the Corning catalog as it is like the KSH catalog [Plf. Ex. 4, 73; Def. Ex. T].

(Plaintiff's support on R429 states that the testing laboratory sheets in the Carolite catalog follow the descriptive material sheet which is the same organization as in the KSH catalog).

b. No one has been confused as to source by defendants' catalog [Def. Ex. AX, Richard Hawes Depn. p. 30].

c. The Carolite catalog is clearly marked having its name on the front cover in large print and having the names of defendants on most pages a plurality of times. Plaintiff's catalog is blue-green; defendants' is gold [Plf. Ex. 73].

d. The catalog was designed by an independent designer with the aid of the President of Carolite having many catalogs in front of them including the KSH catalog [R. 470].

e. The separate pages of the catalog are copyrighted but there is no copyright infringement charged by plaintiff.

(2) Carolite uses the same engraver as KSH for some of its patterns as part of a predatory plan. [Plf. Ex. AY-R. 13.]

(2)

a. Carolite learned of the particular engraver from its foreman who was a former employee of a company in no way connected with KSH and other persons [Plf. Ex. 168, Larry Wellen Depn. pp. 21-22; Pltf. Ex. 167,

Richard Carroll Depn. p. 8].

b. The engraver is a competent one and of sound reputation [Plf. Ex. 168, Larry Wellen Depn. p. 22].

c. No person has been confused or likely to be confused as to source by defendants using this same vendor.

d. No trade secret or breach of confidentiality is alleged.

(3) Carolite employs the same testing laboratory and testing sheet format as part of a predatory plan.

(3)

a. The testing laboratory approached Carolite to do testing for them [R. 405; Plf. Ex. 168, Larry Wellen Depn. p. 22].

b. The testing laboratory sheet inserted in the catalog is as prepared by the testing laboratory and is substantially similar to the testing sheet given other of its clients [Def. Ex. U; Plf. Ex. 73].

c. Equal testing conditions are necessary to facilitate the showing of equal performance in order to sell manufacturers and to enable manufacturers

to obtain approval on or equal specifications.

d. No person has been confused or is likely to be confused by the use of the same testing laboratory.

(4) Advertisements of tedlar prior to actual production.

(4)

a. There is no showing in the record that KSH was the originator of Tedlar coated panels but only they were the first to advertise.

b. The evidence shows that defendants were able and willing to supply as soon as ordered after any advertisement [R. 480].

c. The evidence shows that defendants may have been the originator along with Dupont of the use of Tedlar on plastic flat prismatic panels [R. 457-460].

(5) The alphanumeric designations used by Carolite were part of the predatory plan.

(5)

a. It is common throughout the industry to use alphanumeric designations as catalog numbers. e.g. P-4 is a Rohm & Haas pattern similar to K-4 [Plf. Ex. 190; R. 27].

b. Alphanumeric designations employing K are used by fixture manufac-

turers to designate fixtures as well as prismatic patterns [Def. Ex. AA-AE].

c. Alphanumeric designations are descriptive or were not intended to be employed as indications of source [Finding of Fact 17, Vol. II, R. 44; R. 475; R. 695; R. 702; R. 1030; R. 1020; R. 955].

From the above comparison, it can be seen that plaintiff attempts to piece together a group of otherwise individually proper facts into a cause of action for unfair competition. It is submitted that the acts of defendants is consistent with the policy of encouraging competition and good business practice. To learn from a competitor and to adopt those practices of a competitor which are good business practices is completely proper so long as a fraud is not perpetrated on the public and so long as the competitor's patent, trademark and copyrights are not infringed upon. *Sears, Roebuck & Co. v. Stiffel Company*, 376 U.S. 225, 84 S. Ct. 784 (1964).

The predatory plan theory becomes even more untenable when the facts are viewed chronologically. When the defendants went into business, a time at which this predatory plan presumably came into existence, the plaintiff was selling only the panels having the K-4 pattern and the K-5 pattern. The catalog which plaintiff now distributes was not in existence [Plf. Ex. 40]. The catalogs then distributed by plaintiff was different than that which it later distributed [Plf. Ex.

5 and 6]. The catalogs distributed by plaintiff at that time referred to the K-S-H panels as "Type K-4" prismatic panel and "Type K-5" prismatic panel which is a descriptive use of the terms. These alphanumeric designations (e.g., K-4 and K-5) had been in use for approximately four years and there had been no attempted trademark registration and plaintiff did not indicate on any of its literature that such were trademarks. Both K-LITE and K-S-H were registered trademarks and the company had a policy of registering its trademarks [Def. Ex. AY, Leo Stahlhut Depn. p. 59; Def. Ex. AX, Richard Hawes Depn. p. 22].

At the end of 1962 when Carolite ordered its embossing rolls from Roehlen Engraving, plaintiff had purchased the embossing rolls for the K-4 pattern from a different engraver and had only purchased the embossing rolls for the K-5 pattern from Roehlen Engraving [Def. Ex. AY, Leo Stahlhut Depn. p. 18; Plf. Ex. 3, para. 19]. From this it can be seen that when the defendants entered into the business of manufacturing and selling flat prismatic panels and adopted its trademark CAROLITE, first pattern and pattern designations most of what plaintiff complains about was not in existence. Most of what plaintiff complains about came into existence over the next two and a half year period as defendants' business grew and it became one of plaintiff's most important competitors on the West Coast [Def. Ex. BC, Ljubo Rozsypal Depn. pp. 18-19].

The cases which plaintiff cites to support the predatory plan theory are easily distinguishable. In *Midwest Plastics Corp. v. Protective Closure Co.*, 205 F. 2d 747 (10th Cir. 1961), the defendant had made a studied

copy of the plaintiff's catalog, placed numbers on the product which indicated they came from the plaintiff, and purchased defendants' products and sold them along with some of its own products. The products sold were identical and of the same color when the color was clearly non-functional. In the instant case, the defendants' catalog is clearly different from the plaintiff's catalog with defendants' name placed in large lettering on the front cover and on every page and with the format and coloring of the catalog as well as the substance clearly different. The plaintiff's catalog is in part protected by copyright but copyright infringement is not charged by the plaintiff. The defendant in the instant case placed the products in boxes clearly marked with the name CAROLITE [Finding of Fact 15, Vol. II, R. 43].

The facts in the other relevant case which plaintiff refers to, *American Safety Table Co. v. Schreiber*, 269 F. 2d 255 (2nd Cir. 1959), are summarized on page 276 wherein it is stated that the unfair competition in that case was based on the following facts:

- “(1) simulation of machines to the last detail including castings of Amco serial numbers, when numerous distinguishing alternatives existed;
- “(2) the use of Amco parts in machines marketed by Schreiber and Goldberg;
- “(3) several instances of misleading advertising; and,
- “(4) several instances of customer confusion in making complaints, seeking replacements, and requesting repairs.”

All the above listed facts are substantially different or not present in the instant case. With respect to the

simulation of products in the instant case in order to obtain a status of being an "equal" when a competitor's product is specified by an engineer, it is most important that the product be as close to identical as possible. The plastic panel involved in the instant case has no decorative feature or detail which was not essential to its performance. The defendants' products in the instant case did not use parts of the plaintiff's nor were the serial numbers of the plaintiff placed on the products of defendants. Carolite, Inc. places its name prominently on each and every advertising or other piece of literature it hands out and frequently indicates that it is a plastic extruder [Finding of Fact 15, Vol. II, R. 43]. And finally there were no indications of confusion as to source from customers of defendants or plaintiff. (Most of the confusion in this case arises out of plaintiff's position with respect to confusion. Compare pages 23, lines 29-32; page 20, line 7; and page 37 line 6 of plaintiff's brief).

A case virtually on all fours with respect to the instant case is *Fram Corporation v. Boyd*, 230 F. 2d 931 (5th Cir. 1956). In this case the plaintiff and defendant manufactured identical products placed in substantially similar colored boxes with their respective names thereon and employed substantially the same alphanumeric designations to identify identical products. For example, the plaintiff employed C-4, C-21, C-100, etc., and the defendant employed B-4, B-21, B-100, etc. The court held in this case that there was no unfair competition or trademark infringement.

Some other cases pertinent to the facts of this case are: *Wolfe & Vine, Inc. v. Pioneer Display Fixture Co.*, 142 USPQ 112 (N.Y. Sup. Ct. 1963); *Electric*

*Auto-Lite Co. v. P. & D. Mfg. Co.*, 78 F. 2d 700 (2nd Cir. 1935); *Day-Brite Lighting, Inc. v. Sandee Lighting Manufacturing Co.*, 286 F. 2d 596 (7th Cir. 1960); *Mattel Inc. v. Goldberger Doll Mfg. Co.*, 200 F. Supp. 517 (E.D. N.Y. 1961).

The *Wolf* case involved female mannequins having a modernistic novel appearance. The plaintiff who was the originator of such mannequins sued the defendant for unfair competition based upon the defendant's identical copy of plaintiff's novel mannequins which appearance was clearly nonfunctional. In addition, the plaintiff called its mannequins "Les Femmes" and "sha Paree girls" while the defendant called its "Fashionettes" or "Parisettes." In addition, the defendant used catalog numbers employing some of the same digits. In holding against the plaintiff in this case, the court followed the *Sears* and *Compco* cases and stated:

"While it has been found that the plaintiff herein is not entitled to recover herein even under the expanded doctrine of unfair competition which has emerged in recent years, that finding is further buttressed by the very recent decisions of the United States Supreme Court which have sharply delineated and curtailed the permissible limits of the doctrine. That court has clearly held that a state cannot by forbidding unfair competition give protection of a kind that clashes with the objectives of the Federal patent laws. In that regard, mere inability of the public to tell two identical articles apart is not enough to support an injunction against copying or an award of damages for copying that which the federal patent laws permit to be copied, and where the article is unpatented

and uncopied, a state may not prohibit the copying of the article itself or award damages for such copying. . . .

The court further defined its position by clearly holding that the fact that an article copied from an unpatented article could be made in some other way, or that the design is ‘nonfunctional’ and not essential to the use of either article, or that the configuration of the article copied may have a ‘secondary meaning’ which identifies the maker to the trade, or that there may be ‘confusion’ among purchasers as to which article is which or as to who is the maker, none of these facts nor any others can furnish a basis for imposing liability for or prohibiting the actual acts of copying and selling regardless of the copier’s motives. . . .”

The plaintiff’s case with respect to the defendants, is substantially weaker than that which was presented to the court in the *Wolf* case. The plaintiff is not the originator of prismatic patterns and there is very little, if anything, that is novel about its patterns. Many of the patterns were in existence for many years prior to anything which the plaintiff did. The prismatic patterns are clearly functional as contrasted with the nonfunctional feature of the appearance of the mannequin in the *Wolf* case. The products which the defendants in this case sell are merely components of a larger and more complex assembly. These components are bought by sophisticated fixture manufacturers after personal solicitation by the defendants. All of the facts make this case a much stronger one for the defendants than existed in the *Wolf* case for the defendants who were successful therein.

In the *Electric Auto-Lite* case, *supra*, the plaintiff was a manufacturer and supplier of electric ignition systems for automobiles and complete ignitors, generators and incidental equipment. The defendant was a manufacturer and supplier to jobbers, for distribution through service stations and garages to car owners, of a line of repair and replacement parts for ignition systems, ignitors, generators and motors manufactured by plaintiff. The defendant in selling replacement parts employed a trademark comprising a circle with the letters "P & D" while plaintiff employed a trademark having a circle and an "AL" within the circle. The defendant in its catalogs included its code numbers followed by the plaintiff's code numbers in parenthesis and the statement, "to fit Auto-Lite." The code numbers which the defendant adopted were AU-1, AU-2, etc., to designate various parts. The parts that defendant sold were functional and substantially identical to those of the plaintiff. The court in holding for the defendant stated (p. 703):

"There is no deception or unfair competition in copying a part of an unpatented article and selling it as such . . . (citation of cases) It is not unfair to use the name of a well-known article and label a repair part if it be used in a fair way and simply to indicate that the part is made to fit the article. Therefore the use of the phrase "to fit Auto-Lite," and reference to the plaintiff's corresponding numbers which describe the parts, was permissible. . . . (citation of cases)"

The facts in the *Auto-Lite* case are substantially similar to those in the instant case and its principles apply here with equal force.

The *Day-Brite* case, *supra*, is strikingly similar to the instant case in that it involved extruded panels for the lighting fixture industry which were supplied by K-S-H, the plaintiff in this case, to Day-Brite. Sandee, the defendant, like the defendant in this case, sold a substantially identical panel to lighting fixture manufacturers other than Day-Brite. The products of Sandee were distributed in substantially the same manner as the defendants in this case distribute their product. The Court summarized the defendants activities in that case by saying on page 597:

“Defendant is in the business of manufacturing and selling extruded plastics, including panels for lighting fixtures. Defendant does not manufacture or sell lighting fixtures but sells its panels to manufacturers who in turn incorporate such panels in their lighting fixtures and sell them, under their respective names, through electrical distributors and electrical contractors. Defendant sells its panels through its own salesmen direct to its lighting fixture manufacturer customers, and defendant’s advertising is by direct mail to such customers.”

Thus, there is a striking similarity in the marketing factors involved in the two cases. (It is interesting to note that the counsel for plaintiff Day-Brite in that case, is the counsel for plaintiff in this case and that there was a patent involved in the name of Leo Stahlhut and others.) In holding against the plaintiff on his count for unfair competition in that case, the court stated on page 600:

“In any event, it has been held that the mere copying of the design of an invalid patent does not constitute unfair competition. This Court, in

Zangerle & Peterson Co. v. Venice Furniture Novelty Mfg. Co., 7 Cir., 133 F.2d 266, 269, stated:

'The defendant frankly admits it copied the plaintiff's table. If the plaintiff never had a patent, then the mere act of copying did not amount to unfair competition.'

To the same effect is another decision by this Court, *Sinko et al. v. Snow-Craggs Corp.*, 7 Cir., 105 F. 2d 450. See also *General Time Instruments Corp. v. United States Time Corp.*, 2 Cir., 165 F. 2d 853, 854.

"The cited cases, after holding that the mere copying of a non-patented design is not sufficient, discuss and point out what the plaintiff must clearly prove in addition thereto in order to make a case of unfair competition. The principal elements are that the defendant represent its goods as those of the plaintiff, sometimes referred to as 'palming off,' or that there be shown a 'secondary meaning' as to source, that is, that the public has been deceived into the belief that defendant's design emanated from the same source as that of the plaintiff. In our judgment, plaintiff failed to make such proof. *It is true the Court found that the public was likely to believe that defendant's panels were plaintiff's Cleartex panels* and that the trade associates the appearance of Cleartex panels with plaintiff and its trademark 'Cleartex.' Such findings, however, do not support the essential elements of 'palming off' or 'secondary meaning.' The fact, if such it be, that there was confusion in the minds of the public because of the similarity between plaintiff's and defendant's prod-

uct bears upon the infringement issue if the patent had been held valid. *It is immaterial, however, to the issue of unfair competition because, as we have shown, the mere copying of a non-patented article or design, absent the other essential elements, does not constitute unfair competition.*" (emphasis added).

The *Day-Brite* case, *supra*, is similar to the instant case with the exception that the alphanumeric designations of plaintiff and defendants were not in issue. The case was more favorable for the plaintiff in that, contrary to the instant case, the plaintiff was held to have designed a new, original panel with decorative appeal.

In the *Mattel* case, *supra*, the plaintiff sold an 11½ inch tall doll in a black and white striped bathing suit packed in a box with the name "Barbie" thereon. The name "Barbie" was a registered trademark of the plaintiff. The defendant sold a substantially identical doll in a black and white striped bathing suit and named "Babette" with such name placed on the box or package in letters from ⅓ to ⅔ inch high. The defendant was the manufacturer who sold to some retailers who in turn on occasion advertised defendant's doll as a "Barbie Type." In the *Mattel* case, the Court held that trademark infringement and unfair competition did not exist as to the manufacturer. It should be noted that in the *Mattel* case the facts with regard to the defendant are not as favorable as those which exist with respect to the defendants in this case. The defendants in this case operate in a market of sophisticated purchasers of a technical product which is a component as contrasted with the *Mattel* case wherein a consumer

mass-market product was involved. In addition, the appearance of the doll in the *Mattel* case was non-functional in nature and had received considerable public acceptance due to the creative activity of the plaintiff. These facts do not exist in the present case. The defendant Carolite's goods are functional and the plaintiff was not the creator of such goods. Finally, plaintiff's name is substantially different from that of defendants' while in the *Mattel* case "Barbie" and "Babette" had a certain suggestive similarity. All in all, the *Mattel* case is clear authority for holding that the defendants in the present case have not committed unfair competition by their acts.

In summary, the plaintiff has not established any fraud on the public. All of the cases which plaintiff relies upon require in essence a fraud on the purchaser. There is no such showing of fraud in the present case. The facts presented in this case are more consistent with the prior decisions cited and discussed above by the defendant which hold that there is no unfair competition in such a situation.

(1) **The Findings of Facts That the Alphanumeric Designations Are Descriptive, That There Was No Likelihood of Confusion or Actual Confusion, and That There Was No Intent to Palm Off Arising From the Issuing of a Catalog by Defendants, the Use of Alphanumeric Designations on Identical Products, the Use of ITL and Roehlen Engraving Are Within the "Clearly Erroneous Rule."**

The evidence as to the descriptive nature of the marks was clearly supported by a host of witnesses (Root, Simmons, Marx, Grant, Wigodner, Rosenblatt, Wade, etc.) and controverted by a few witnesses of the plaintiff (Glass, Perry, etc.). Similarly, there was

controverted facts introduced as to the likelihood of confusion and the intent to palm off. See Table I. It has been held in the 9th Circuit that in cases where there are disputed facts, the clearly erroneous rule is applicable [Federal Rules of Civil Procedure, Rule 52(a)]. In the case where the facts are undisputed then the clearly erroneous rule would not apply. Compare, *Fleischmann Distilling Corporation v. Maier Brewing Company*, 314 F. 2d 149 (9th Cir. 1963); *Audio Fidelity Inc. v. High Fidelity Recordings, Inc.*, 283 F. 2d 551 (9th Cir. 1960), Cf. *Rolley, Inc. v. Younghusband*, 204 F. 2d 209 (9th Cir. 1953). It should be noted that the *Fleischmann* case was a trademark suit which involved the question of likelihood of confusion. The predatory plan theory of plaintiff is an unfair competition type of cause of action and it has been held in other circuits and in California State Courts that unfair competition is a question of fact, *Cleo Syrup Corporation v. Coca-Cola Co.*, 139 F. 2d 416 (8th Cir. 1943); *Kendall v. Trico Products Corporation*, 31 F. 2d 522, (6th Cir. 1929); *Brown & Bigelow v. B B Pen Co.*, 191 F. 2d 939 (8th Cir. 1951); *James Heddon's Sons v. Millsite Steel & Wire Works*, 128 F. 2d 6 (6th Cir. 1942), and that secondary meaning is a question of fact. *Speed Products Co. v. Tinnerman Products*, 222 F. 2d 61 (2nd Cir. 1955); *Family Record Plan, Inc. v. Mitchell*, 172 Cal. App. 2d 235, 342 P. 2d 10 (Cal. Ct. App. 1959).

It is submitted that the predatory plan theory of plaintiff is a question of unfair competition involving disputed facts and inferences. For this reason, the findings of fact pertaining to the intent to palm off, likelihood of confusion, descriptive nature of the alphanu-

meric designations which are the integral facts in this theory should not be overturned unless clearly erroneous. The facts and support therefore as set forth in the Statement of the Case support that each and every one of the Lower Court's findings are clearly and strongly supported in the record. See Table I.

**(2) There Is No Actual Confusion or Likelihood of Confusion as to Source Arising From Carolite's Use of the Alphanumeric Designations C-4, C-55, C-11 and C-12.**

It is plaintiff's position that this case primarily involves the question of confusion with respect to lighting engineers and fixture manufacturers (Plaintiff's Br. p. 30). First, the K and C are distinctly different both phonetically and visually. If K is similar to C, then isn't K also similar to R and isn't it also similar to A and perhaps even P, Z and T. At what point in the alphabet does the similarity between various alphabetical letters begin and end and at what point does plaintiff's monopoly on the alphabet end. It is submitted that in a market catering to engineers, architects, and fixture manufacturers who commonly deal in catalog numbers and symbols, the K and C are distinctly different.

Assuming for the sake of argument that there is some similarity between a K and a C, the fact still remains that neither the lighting engineers nor fixture manufacturers are confused as to source by the use of the alphanumeric designations, C-4, C-55, C-11 and C-12. With respect to the fixture manufacturers, there is clearly no confusion as to source (Plaintiff's Br. p. 37). The fixture manufacturer typically orders by telephoning a call to the particular panel manufacturer

being familiar probably with more than a single panel manufacturer [Finding of Fact 15, Vol. II, R. 43]. The telephone call must be placed by first knowing the name of the manufacturer to which the order is to be telephoned. This, of course, requires knowledge of the manufacturer's name and location. A fixture manufacturer after telephoning the order to the panel manufacturer then places a written confirming order [Finding of Fact 15, Vol. II, R. 43], the order generally at the top indicates the manufacturer by name from which the fixture manufacturer seeks to purchase [Plf. Ex. 74, 75, 82, 83, 84, 70]. The order blank also usually contains a description portion wherein the pattern that is sought to be purchased from the particular panel manufacturer is described by convenient terms. It is in this portion of the order that the alphanumeric designations are employed to describe the pattern [Plf. Ex. 74, 75, 82, 83, 84, 94]. When the order is eventually shipped by the particular panel manufacturer and by CAROLITE, in particular, it is shipped in boxes with the name CAROLITE clearly displayed thereon [Finding of Fact 8, Vol. II, R. 41]. The shipment contains a packing slip indicating the contents and again indicating the manufacturer and describing the products contained therein [Finding of Fact 15, Vol. II, R. 43]. And finally, the fixture manufacturer is invoiced by the defendant with the defendants' name again appearing on the invoice [Finding of Fact 15, Vol. II, R. 43], and eventually the defendants may be paid by checks made out to the defendants. These transactions occur time and time again with respect to particular fixture manufacturers and panel manufacturers. The relationship between compo-

nent supplier and fixture manufacturer is a continuing one and a repeated one. From the very nature of this transaction between the fixture manufacturer and the panel manufacturer, it seems virtually impossible that the fixture manufacturer could at all be confused as to the source from which he was purchasing. This, of course, was borne out by the testimony of virtually every fixture manufacturer that testified. Not one testified that he was confused as to source.

The only fixture manufacturer that plaintiff could uncover that stated he had some confusion was the Executive Vice President of Lighting Products, Inc. located in Chicago (It is interesting that this witness is a client of counsel for plaintiff and previously appeared as a witness called by counsel for plaintiff in another case [Plf. Ex. 106, Glass Depn. pp. 18-20]). The Executive Vice President of Lighting Products, Inc. had no knowledge of Carolite, Inc. prior to the filing of the suit nor did they ever purchase products from Carolite, Inc. This witness' answer on confusion was therefore completely hypothetical, and after prodding, the witness stated that he would have looked up the meaning of C-12 in the catalog and upon finding the sheet in the catalog would not be confused at that point [Plf. Ex. 106, Glass Depn. pp. 21, 47-48]. It seems that even in the hypothetical questions asked, the witness from Lighting Products, Inc. was not likely to be confused as to source.

With respect to specifiers, that is engineers or architects, the confusion or likelihood of confusion is completely illusory. It matters not what alphanumeric designations the particular panel manufacturer employs as the specifier does not buy panels from the panel

manufacturer. The specifier may never come into contact with the panel manufacturer in any regard other than via a catalog which is clearly identified by the various panel manufacturers. If it is plaintiff's catalog, it will say K-S-H on it. If it is defendants' catalog, it will say CAROLITE on it. Alternatively, the specifier may select a fixture from a fixture manufacturer's catalog and in that instant, the fixture to be supplied is described in the particular catalog. There is usually photometric data in the catalog with respect to the entire fixture including a lens. This is data developed by the fixture manufacturer. The specifier selects the fixture based upon the data supplied in the fixture manufacturer's catalog and so long as the fixture has the defined characteristic the specifier has little if any concern. In any event, when a specifier desires the product of a particular manufacturer it is customary to spell out the manufacturers name [R. 863-864; R. 1019; and R. 982].

In attempting to support its position that the specifiers are confused, the plaintiff refers to the testimony of Mr. Simmons (Appellant's Br. p. 20, second complete paragraph) wherein the testimony in essence states not that Mr. Simmons was confused but that he would have to look up the meaning of the C-4 lens in a catalog to determine its contour. This testimony indicates that Simmons did not know what the product configuration was rather than being confused as to source. The testimony of the Executive Vice President of Lighting Products, Inc. and Mr. Simmons agree in the sense that when a specifier or person of skill in the lighting field see a symbol that they do not understand or know the meaning of, it would be looked

up in a catalog to determine the meaning. This lack of knowing what the symbols mean is not a point of confusion but strictly a statement that there is a lack of knowledge. There is no confusion or likelihood of confusion as to source shown by the testimony of Mr. Glass or Mr. Simmons.

With respect to the specifiers and the possibility of confusion at that point, one case which should be considered is *American Brake Shoe & F. Co. v. Alltex Products Corp.*, 117 F. 2d 983 (2nd Cir. 1941). In this case the plaintiff supplied brake shoe lining under the mark American Brakebloks and the defendant marketed the same type of product under the name National Brake Block. These products were manufactured by the respective plaintiff and defendant and sold through distributors and then to repair shops and service stations. Some of the defendant's salesmen suggested that the service stations or servicemen substitute the defendant's products for the plaintiff's products. In response to this situation, the court held that the defendant (component manufacturer) had not committed unfair competition and stated (p. 984):

"Here too the repair shops and service stations are themselves not misled; they know what they want and they get it. One of them did indeed say that he was a little confused by the defendant's title 'National Brake Block'; but not even he had bought the defendant's lining for the plaintiff's. It is the car owners whom the repair shops and service station deceive, for there are owners who prefer the plaintiff's linings and expect to get them when they ask for 'brake block.' Yet when an owner takes his car to the shop he does not watch it

while it is being relined; or, if in rare instances he may, which does not appear, he does not know what lining is put on. Ordinarily he goes away, and when he comes back, he takes the car as it is delivered to him. If a dishonest repair shop or service station has meanwhile substituted the defendant's lining, the defendant's use of the word 'brake block' has not helped him in the fraud. The use of the name can injure the plaintiff only in so far as it results in mistaken buying by the last buyer who accepts the goods because of their name, and the owner is not such a buyer. To succeed, the plaintiff was therefore bound to show that repair shops or service stations were deceived, and that it failed to do."

This case is particularly analogous to the instant case with respect to the use of alphanumeric designations by a component supplier. Regardless of what alphanumeric designation the defendant used, it would not alleviate or contribute to any likelihood of confusion or actual confusion with respect to the specifier.

To further attempt to support likelihood of confusion, plaintiff states that there were many misdirected orders. A misdirected order by definition is an order intended to be sent to one manufacturer but sent to another manufacturer. It is not an order that is sent to one manufacturer and intended for such manufacturer but containing thereon clerical errors, pattern descriptions or errors in processing. In no situation, referred to by plaintiff as a "misdirected order" were witnesses called on by plaintiff to state their intention with respect to such "misdirected orders," notwithstanding that Smoot Holman, Acme, Globe Illumination

Company, and Nu-Lite personnel were subject to subpoena. Globe, Acme, and Nu-Lite personnel did testify and the deposition of Wellmade personnel was introduced. During the testimony of these witnesses, the plaintiff did not ask the persons from Globe, Acme, or Nu-Lite whether such orders were intended for the manufacturer that received them. The personnel from Nu-Lite, Acme, Globe and Wellmade testified that to them the K numbers were indicative of pattern and not a particular manufacturer [R. 904; R. 956; R. 987; R. 1020; Def. Ex. BB, Leo Givens Depn. p. 4]. With this in mind, the orders from Nu-Lite, Acme, Wellmade and Globe having K numbers in the descriptive portion of the order to Carolite could not be considered anything more than a description of the pattern that Nu-Lite, Acme, Wellmade or Globe wanted from Carolite. This, of course, was not a misdirected order. Consequently the use by them in their orders of a K or C would not indicate the desire to order from a source other than one to whom the order was sent by mail and prior to that ordered by telephone. The using of the alphanumeric designations on various orders is consistent and in support of the proposition that such designations are indicative of pattern. The testimony of one fixture manufacturer employee in this respect is as follows:

“Q. Have you ever ordered K-5 or K-4, K-11 or K-12 from Carolite? A. I have.

Q. Have you ever intended when you made such purchase order to obtain a product made by a K-S-H Plastics? A. I don’t get it.

Q. Well, you have testified, I believe, that you have ordered plastic panels from J. W. Carroll &

Sons or Carolite, using the terms either K-4, K-5, K-11 or K-12, isn't that true? A. That's right.

Q. When you have made such purchase order, have you intended to secure a product manufactured by Carolite or J. W. Carroll & Sons? A. Just from J. W. Carroll & Sons.

Q. Have you intended when you place such order using the K number with J. W. Carroll & Sons, to receive a product received (produced) by K-S-H Plastics? A. No I don't.

Q. Mr. Grant, I show you plaintiff's Exhibits 76 and 77 previously marked and offered into evidence and received in evidence and can you identify those purchase orders for us? A. Yes. This was the purchase order for K-5 clear styrene. The size was given to J W. Carroll & Sons written by myself.

Q. *What product did you intend to secure from J. W. Carroll & Sons when you wrote that purchase order?* A. *Well, I intended to receive 600 panels of K-5 configuration.*

Q. *And who were those panels to be manufactured by?* A. *J. W. Carroll.*" [R. 1002-1004].

With respect to orders from Globe which testimony is in part quoted in Appellant's Brief on page 23, the meaning of an error in processing is further explained and the myth of "misdirected orders" is further exposed by the witness in other testimony where it is stated:

"Q. In this order how did you describe to J. W Carroll & Sons the particular configuration of the prismatic panel which you were purchasing? A. We used the number K-12, letter and number, I should say.

Q. Are you aware that J. W. Carroll & Sons have not used the designation K-12 in its trade catalog? A. I am.

Q. Thank you.

The Court: What do they use in their trade catalog? C-12?

The Witness: Yes, they do.

The Court: Why didn't you use C-12?

The Witness: Well, in this case it was a clerical error, I believe. It is hard to say what was placed in there in March of 1965. You can't always remember back why you did things.

The Court: *You mean to say you intended C-12 and put down K-12?*

The Witness: *Let me put it this way, Your Honor. When we buy from Carroll, we know exactly what we are getting.*

Q. *Do you use the designations K-12 and C-12 interchangeable?* A. *For the most part, yes.*

Q. *And they both describe a pattern, is that correct?* A. *That is correct.*

The Court: Did you ever order from K-S-H a C-12 or a C-4 or C-5 pattern?

The Witness: We may have, I don't recall any specific instance. But you must remember that we place hundreds of purchase orders." [R. 907-908].

The plaintiff refers to several orders to Plastic Specialties (distributor of plaintiff on the West Coast) describing the panels requested as C-12 panels in the description portion of the order blank.

In these situations the testimony of one of the employees of Plastic Specialties (Plaintiff's distributor)

on the ordering procedure and the specific orders mentioned in plaintiff's brief is as follows:

"Q. Now with respect to your local fixture manufacturers is a—are the higher percentage like a company like Globe, would they always call their phone orders in, would they always first call their orders in by phone? A. Yes, I would say 90% of the time, 95%.

Q. And what do you do when you get a phone order from a company like Globe? A. We write up the order on a hand written form on an inter-office order pad.

Q. And when the confirming order comes in from a company like Globe or any other fixture manufacturer, what would you do? A. This is checked against the written order.

Q. And if there is a discrepancy between a written order and a telephone order, what would you then do? A. Then you call the manufacturer and question it, to get it clarified.

Q. So if you receive an order that says on it CAROLITE, have you ever received such an order? A. That is stipulating the word CAROLITE?

Q. Yes. A. No, Sir.

Q. Have you ever received an order that said J. W. Carroll & Sons? A. No, Sir.

Q. Now, if there was a discrepancy between a phone order and a verbal order with regard to the alphanumeric designation employed in the description portion of the order, would you make a telephone call? A. Yes, sir, we would.

Q. And you would call up and what would you ask the particular fixture manufacturer? A. A change order, if it is an error.

Q. And what would he say? A. In some cases, they will issue a change order.

Q. For what? A. In some they say verbally just to change it. This was a typographical error.

Q. They would say it is a clerical error, wouldn't they? A. Yes.

The Court: Now you said that you never got any order having the word CAROLITE. Did you ever get an order having the letter C?

The Witness: Yes, Sir.

The Court: C and a number?

The Witness: Yes, Sir.

The Court: When you do that, would you call up to find out what they meant?

The Witness: Yes, we would.

The Court: And try to straighten it out?

The Witness: Correct.

The Court: Then as far as you are concerned, as far as your firm was concerned, you were never misled by the use of the word, the letter C, because the minute you saw the C you called up to find out to straighten this matter out, is that right?

The Witness: Yes, we had to." [Henry Smith, R. 358-370].

From this testimony, it can be seen that the likelihood of confusion in accordance with industry practices is remote.

In summary, the use of alphanumeric designations interchangeably as a description, the use of alphanumeric designations as a description, clerical errors, proc-

essing errors all support the position that there were no misdirected orders. The fixture manufacturers called and sent the orders by mail to the manufacturer from whom they intended to purchase panels. This coupled with the lack of any testimony or other evidence on the likelihood of confusion or actual confusion weighed against the facts of careful ordering procedures, a technically skilled market, personal day-to-day selling and repeated purchases from a single panel manufacturer, common use of catalogs and alphanumeric designations, the phonetic dissimilarity of the K numbers and C numbers as well as the visual dissimilarity, all dictate the conclusion that there is no likelihood of confusion or actual confusion with respect to the alphanumeric designation.

**(3) The Use of a Catalog Having a Vinyl Binder Cover and Testing Laboratory Reports From the Same Vendor Could Confuse No One.**

There is no finding that the catalogs of plaintiff and defendants are similar. To the contrary, a viewing of the catalog in side by side relationship will indicate they are substantially different [Plf. Ex. 4, 73]. The Carolite catalog is gold while the K-S-H catalog is green-blue. The Carolite catalog has its name in large letters on the side and on the front of the cover and at least once on every page in the book in relatively large letters. Each section of the catalog is divided by a notebook divider having the name Carolite in large letters thereon and color coded for each different product. Not only is the notebook divider color coded in the Carolite catalog, but every sheet within the section bears a similar color coding including the Independent Testing Laboratories' reports which sheets are printed in appropri-

at color code printing. The layout of each page is distinctly different from the layout of the pages in the K-S-H catalog with the Carolite name appearing at least four times on each of the descriptive pages. The catalog directs the specifier to specify products as follows: "(polystyrene), (Acrylic), Prismatic sheet shall be CAROLITE C-4 as manufactured by CAROLITE, INC. Material shall meet . . ." The descriptive sheets are followed by the color coded testing laboratory sheets which are in substantially the same form as supplied by Independent Testing Laboratories. The name Carolite, of course, appears on these sheets.

The K-S-H catalog has a one color format throughout the catalog with the ITL sheets all in the same color as supplied. The sheets describing the product in the K-S-H catalog are completely different than those of Carolite and there is no material whatsoever copied from these catalog sheets. This is supported by the fact that many of the sheets are protected by copyright and the plaintiff has not charged the defendants with copyright infringement. The differences between the catalog is further supported in statements of officers of the plaintiff that they knew of no one confused by the catalogs [Def. Ex. AX, Hawes Depn. p. 30].

The defendants' catalog concludes with a description of its manufacturing processes and facilities. Quoting from this section of the catalog, it is stated:

"CAROLITE, INC., the manufacturer of Carolite enjoys the position of the West Coast's largest and most quality minded plastics extruder.

Operating in a modern 50,000 square foot plant with the most up-to-date equipment, Carolite, Inc.

is responsible for over 75% of all plastic side and bottom diffuser panels used by Western fluorescent manufacturers.

The people who make up Carolite, Inc. are perhaps the most competent in their field. In an industry, barely 20 years old, the top half dozen technical personnel total over 105 years of plastics experience. J. Warren Carroll, while employed by the Visking Corporation of Chicago, built in 1943, the world's first setup for the production of vertically blown polyethylene film. The direct result of this innovation is an industry which now uses in excess of 500 million pounds of polyethylene annually."

This type of advertising and presentation clearly indicates that by their catalog the defendants were attempting to build their own name, and their own good will, in an already substantial company.

The use of the same testing laboratory by defendant can cause confusion to no one but rather it provides prospective buyers with a direct and exact comparison of the respective products of major West Coast competitors. The use of the same laboratory tends to remove any doubt which a prospective customer may have that the testing conditions may be different or that the accuracies of the tests are not substantially the same. This comparison is important to the specifier as well as to the fixture manufacturer who does not have his own testing facility. These testing reports may be employed by the fixture manufacturer to support the fixture manufacturer when he submits to a specifier for approval. The use of test-

ing reports by ITL in a catalog was early employed by competitors of defendant and plaintiff such as Sinko, which incorporated such testing sheets in its catalog [Def. Ex. U]. In this respect, it should be noted that the scissors curve provides a particularly pointed comparison of defendant and plaintiff's products with respect to certain of their competitive products. The scissors curve standard is not met by plaintiff's products, in some instances where the scissors curve is completely met by the defendants' products. This may indicate in the minds of some purchasers that defendants' products are superior to that of plaintiff. Thus, the inclusion of the scissors curve which is a recommended test is particularly advantageous to defendants [Def. Ex. AY, Stahlhut Depn. pp. 46-53].

The plaintiff in his brief asks the question why use test reports from the same testing laboratory as plaintiff. The answer is that there appears to be only two such laboratories in the country. ITL is in Boulder, Colorado and ETL is in Brooklyn. ITL approached defendant to perform such testing [R. 405]. In addition, K-S-H was the major supplier of flat prismatic panels to many of the customers of J. W. Carroll & Sons on the West Coast (*e.g.*, Sunbeam) and it was K-S-H that defendants were going to be in most direct competition with. Thus, it was important that their products be compared directly with its most direct competitor.

(4) Carolite, Inc. Did Not Advertise a Product That  
It Was Unable to Supply.

It is shown by plaintiff's Exhibit 98 that Carolite was having correspondence with Dupont with respect to Tedlar as early as February, 1964, more than ten months before the first announcement by plaintiff of its Tedlar product. This is certainly evidence that defendant had embarked on a program completely independent of plaintiff's advertisement and that its Tedlar program was underway long before it knew of plaintiff's Tedlar coated product. From the record, it appears that Carolite, that is defendant, was the originator of Tedlar panels rather than plaintiff. There is no indication that plaintiff was working on such products prior to the defendant. Moreover testimony as to when defendant began its Tedlar program was precluded by plaintiff's objection. The text of plaintiff's Exhibit 98 evidences that on February 27, 1964, defendants' in house program was well underway. Quoting the letter from Larry Wellen to Robert C. McCoy of Dupont, it is stated:

"I'm taking this opportunity to bring you up to date in hopes we can accelerate our program. We get back the first black light exposure results and to say we were amazed is an understatement. The light stable styrene was at a Y factor of at least 15, while the Tedlar coated piece had no noticeable change. This was 600 hours of accelerated exposure.

With the results of this test in our hot little hands, we proceeded to the number one fixture house in the country. Interest is now running high and we feel we have a winner."

This is further supported by the testimony wherein the President of defendant, Carolite, stated that they were not aware prior to October 13, 1965, that plaintiff was offering Tedlar to the industry [R. 460], that the defendant was the originator of the idea of using Tedlar on lighting panels in connection with Dupont [R. 457], that plaintiff had Tedlar in its plants prior to February 27, 1964 [R. 457], and that when it advertised Tedlar coated panels it had the ability to deliver such panels as advertised [R. 480]. Against this record, plaintiff's position that defendant falsely advertised by not having commercial quantities of Tedlar when it first advertised is wholly untenable. It seems that the irresistible conclusion is that with respect to Tedlar, defendant was a leader and plaintiff was a follower at least from a technical standpoint, if not a magazine advertising standpoint. There is no bad intent which can be extracted from such facts.

**(5) The Lower Court Has Not Erred in Making Its Findings of Fact or in Applying the Law to These Facts.**

The plaintiff complains that the court erred in not considering all of the preceding discussed acts as part of a scheme and predatory plan to appropriate plaintiff's good will. This predatory plan is supposed to convert the use of the alphanumeric designations by Carolite into an act of unfair competition. The error which the plaintiff attributes to the trial court when stripped of its niceties seems to only be that the court was not willing to make the same inferences of *mala fides* as plaintiff is so anxious to make. The trial court from an objective viewpoint saw in the defendants' actions fair competition with no confusion or likelihood of confusion resulting in the particular indus-

try. The trial court was not willing to impute a bad intention from using a catalog that was dissimilar and clearly marked, from using an engraver which had a good reputation, from using the same testing laboratory as plaintiff to obtain an accurate comparison of products (when the testing laboratory approached defendant and is in reasonable proximity to defendant) and from using alphanumeric designations which were understood in the industry to describe patterns and in common use in the industry. These acts alone or together are completely proper. There was no error in findings of the facts or in the conclusions of law derived from these facts.

**B. Carolite Has Not Infringed Plaintiff's Registered Trademark K-Lite by the Use of Its Registered Trademark, Carolite.**

In determining whether or not trademark infringement exists, the Courts have considered a number of factors. Most important among these are:

1. The phonetic and visual impression of the words. In *Sleeper Lounge Company v. Bell Manufacturing Co.*, 253 F. 2d 720, 722 (9th Cir. 1958), the court said: ". . . there are three tests readily applied to any trademark to determine if there has been 'identification.'
  - (1) Is there similarity of sound?
  - (2) Is there similarity of sight?
  - (3) Is there similarity of meaning?"

*E.g., Coca-Cola Co. v. Carlisle Bottling Works*, 43 F. 2d 101, 110 (E.D. Ky. 1929); *Bunte Bros. v. Standard Chocolates, Inc.*, 45 F. Supp. 478, 481 (D. Mass. 1942). In the present case, the answer to questions (1)-(3) is clearly "no."

2. The method of distribution of the products bearing the trademarks. In this case the method of distribution by the defendants is on a personal and repetitive basis. The defendants have customers which they deal with time and time again on a personal basis and on personal solicitation. This type of distribution makes confusion at best remote. *Eg., General Controls Co. v. Hi-G, Inc.*, 212 F. Supp. 152 (D. Conn. 1962); 136 USPQ 570; *Waldes Kohinoor, Inc. v. Illinois Tool Works*, 287 F. 2d 197; 129 USPQ 73 (CCPA 1961).
3. The knowledge and sophistication of purchasers. *E.g., General Controls v. Hi-G, Inc.*, *supra*; *Perma-Stone Company v. Perma-Rock Products*, 160 F. Supp. 616 (D. Md. 1958); *Oil Conservation Engineering Co. v. Brooks Engineering, Co.*, 52 F. 2d 783 (6th Cir. 1931). The plaintiff and the defendants in this respect deal primarily with fixture manufacturers who are knowledgeable people. They are completely aware of the various sources of supply for the component parts that make up their fixture. They are frequently called upon by such companies and receive literature from such companies. Thus, this factor also weighs against establishing confusing similarity.
4. The intention of the defendants in adopting its mark. *Eg., Family Circle, Inc. v. Family Circle*

*Associates, Inc.*, 332 F. 2d 534, 540 (3rd Cir. 1964); *Squirrel Brand Company v. Barnard Nut Co.*, 224 F. 2d 840 (5th Cir. 1955), cert. denied 350 U.S. 995. Three out of four of the principals have the last name "Carroll." The defendants have for years dealt in the lighting industry where a common portion of trademarks is the word "lite." The record shows the use of the words "Prescolite" [Plf. Ex. 106 Glass Depn. p. 27], "Diffusalite" [Plf. Ex. 168 Wellen Depn. p. 19; Plf. Ex. 106 Glass Depn. p. 34], Nulite [R. 1000], "Formalite" [Plf. Ex. 180, Krieger, Depn. p. 9]; "Albalite" Def. Ex. 19], "Honeylite" [Def. Ex. R], and "Spirolite" [Def. Ex. EF, Sam Wigodner Depn. p. 71] in the industry to designate products. Further, the court may take judicial notice of the official acts of the heads of the executive departments of the federal government such as the issuance of the trademarks by the Department of Commerce. 20 Am. Jur. 67, 68; 29 Am. Jur. 2nd 39; *Feathercombs Inc. v. Salo Products Corp.*, 306 F. 2d 251 (2nd Cir. 1962). The Department of Commerce has issued trademarks such as 'Co-ro-lite' (No. 408,633), "Cardolite" (No. 391,140), "Cab-o-lite" (No. 674-016), "Carlite" (No. 515,529), "Air-o-lite" (No. 613,372), "Kee Lite" (No. 701,819), "San-d-lite" (No. 573,676), "Clorolite" (No. 601,579), "E-lite" (No. 696,346) and on and on. To say that

“lite” is a commonly used suffix in the lighting industry is an understatement. In adopting the word Carolite as a trademark it was the intention of defendants to use their name in a manner suggestive of the lighting industry, and the defendants’ prior activities as J. W. Carroll & Sons. The defendants had no desire or intention to defraud plaintiff.

The plaintiff misunderstands defendants’ argument and position if it thinks it asserts that a corporation has an unequivocal right to use a surname in its business. This has never been defendants’ position. Defendants’ position has consistently been that the use of one’s name as a part of a trademark is a bonafide fair and customary practice where there is not an established trademark using their name. This is especially so when the name (*i.e.*, Carroll) has good will in the particular industry. The desire to use one’s own name in a business is a natural one and one not subject to an implied bad intent.

More specifically, the courts have held where both the plaintiff and the defendants use variations of their corporate name (*e.g.*, abbreviations or derivations), then a comparison of plaintiff’s and defendants’ marks should be more liberal, that is, confusion among customers should be probable rather than merely possible. *Eg., Oil Conservation Engineering Co. v. Brooks Engineering Co.*, *supra*; *Alexander Young Distilling Co. v. National Distillers Products Corp.*, 40 F. Supp. 748; 51 USPQ 41 (E.D. Pa. 1941). In this regard, K-Lite is a

variation of the corporate name K-S-H and CAROLITE was initially a derivation from the name J. W. Carroll & Sons which was the corporate name at the time of the CAROLITE trademark selection.

5. The two marks are only similar with regard to portions of the marks which are descriptive or commonly used. E.g., *Feil v. Robbins*, 220 Fed. 650, 651-2 (7th Cir. 1915); *Rohr Aircraft Corporation v. Rubber Teck, Inc.*, 266 F. 2d 613, 121 USPQ 241 (9th Cir. 1959); *Dixie Cola Laboratories v. Coca-Cola Co.*, 117 F. 2d 352 (4th Cir. 1941), cert. denied 314 U.S. 629 (1941). The word "lite" is the only similar part of defendants' and plaintiff's mark. The word "lite" is one of the most common suffixes used in lighting industry trademarks (See paragraph 4 above).

In summary, all of the factors which should be considered in determining infringement weigh heavily on the side of the conclusion of no confusing similarity. The only similarity arising out of the visual and sound test is a descriptive word commonly employed in the industry. The sophisticated nature of the market, the personal solicitation type of distribution and selling, the intention of the defendants, the unopposed registration of the Carolite mark by the Patent Office and the usage for three years without complaint from plaintiff all lead to the conclusion that the trademark infringement cause of action is completely without merit.

C. There Has Been No Palming Off by Lighting Fixture Manufacturers of Carolite Lighting Panels and Carolite Is Not Responsible for the Acts of Its Customers When It Supplies Only a Component Which the Customer May Sell Properly or Improperly.

The final theory of plaintiff is predicated upon defendants enabling fixture manufacturers to palm off panels on the purchasers of fixtures by defendants supplying a substantially identical product. Plaintiff admits that defendants have an absolute right to make and sell an identical product under the *Sears* and *Compco* case, *supra*. The failing of defendants which establishes an exception to the *Sears* and *Compco* Rule is, according to plaintiff, that defendant ships its products in boxes and places its name on the boxes rather than on the panel in a manner such as plaintiff. The mark of plaintiff is a token act as the mark is hidden when installed in a fixture or trimmed prior to installation and in any event not readily subject to identification or location. This distinction in the manner of marking is traceable to a number of relevant business facts. K-S-H ships certain of its flat prismatic panels on skids or pallets not within boxes. Thus, if it was not for the minute  $\frac{1}{4}$  inch identification on one end, even the fixture manufacturer could not be certain as to what product it had purchased or had taken from inventory. Defendant, Carolite, ships substantially all of its products in boxes with its name on the boxes (unless sold under private label).

The evidence is quite clear as to the futility of placing a transparent approximately  $\frac{1}{4}$  inch "K-LITE" mark on the end of a large (2' x 4') panel with the

mark obscured by the fixture which is in turn placed on a ceiling not perceptible by the normal viewer standing on the floor. This is at best only a gesture of a mark on the product. The reason for marking a product in this manner by K-S-H (other than because of the shipment by pallets), arises from the fact that any larger mark on the panel would create an objectionable black spot. In addition, this mark by K-S-H is part of an extrusion direction indication which is believed necessary because the K-S-H process of manufacture is directional [Def. Ex. BC, Rozsypal Depn. pp. 22-24]. The obscurity of the K-LITE mark is underscored by the testimony of the President of the plaintiff's corporation wherein the following questioning took place with respect to the marking:

“Q. Mr. Hawes, can you identify that exhibit, and by identify I don't mean the details, but just in general terms, what is it? A. It is a recessed lighting fixture.

Q. And the plastic prismatic panels of which we are speaking make up the lowermost portion, is that correct? A. It makes up the most visible portion.

Q. What would you have to do to determine whether in that fixture this panel was marked? A. You would have to open the door and take the piece of plastic out of the frame, or possibly you can look in the back end, depending on the back end construction of its, but you have to at least open the door.

Q. Could you do that for us, please? A. (Witness complying.) It is marked.

Q. That panel is marked? A. Yes. . . .

Q. Mr. Hawes, in the normal use of such fixtures, this fixture assembly would be on a ceiling, would it not? A. Yes.

Q. I take it then you would normally have to climb a ladder to do what you have just done here? A. Yes.

Q. You have to disassemble in order to find the mark that is on the panel? A. You have to open the door.

Q. How are these marks put on the K-LITE panels? A. They are done by a process that we call hot stamping.

Q. When you just identified that panel and stated it was marked, how was it marked? A. It felt as if it was marked with hot stamping.

Q. You had to feel to see it? A. Yes. . . .

Q. The K-LITE mark is on there, is that correct? A. I don't know which mark it is.

Q. You can't identify it? A. I didn't look. There isn't enough light here. I can't see it.

Q. You can't see it? A. There isn't enough light here. . . ." [R. 45-48].

This testimony by the President of the plaintiff is a classical indication of the futility of attempting to place a meaningful mark on the panel. This is emphasized when it is appreciated in many instances the panels are trimmed by the fixture manufacturer or panel manufacturer and any mark thereon destroyed.

In summary, the marking by hot stamp such as performed by plaintiff serves no useful purpose for the following reasons: (1) In many instances the panels are trimmed before they are placed in the fixture and if

not any marking thereon would be obscured [Finding of Fact 8, Vol. II, R. 41]. [Def. Ex. BC, Rozsypal Depn., pp. 25-26]. (2) The use of a hot stamp such as employed by plaintiff produces a mark which is virtually imperceptible when the panel is outside of the fixture because there is no contrast between the mark and the panel [R. 45-48; Finding of Fact 8, Vol. II, R. 4]. The plaintiff uses this mark because it ships some of its panels on pallets rather than boxes with marking thereon [Def. Ex. BC, Rozsypal Depn. pp. 25-26]. (3) When the panel is placed inside of the fixture, it is impossible to see the mark from the fixture and not even climbing on a ladder and lifting the panel to inspect it would be likely to reveal any mark. It is extremely doubtful that a person inspecting a building would perform such an inspection of the fixtures. The reason for this is that it is the primary concern of the architect and contractor that the fixture is of the general type that it has ordered and secondly that it comes from one of the manufacturers it has specified so that in the event of any failure, it has a reliable fixture manufacturer to correct such defect [R. 862]. (4) Any readily detectable mark on an individual panel would detract from the optical appearance of the panels [Def. Ex. BC, Dozsypal Depn. p. 26]. (5) Some of the defendants' customers market the product under their own brand name and prefer no mark at all appear on the panels or boxes.

The other cornerstone for plaintiff's aiding and abetting theory is that palming off has taken place in two ways: (1) when specifiers request plaintiff's goods identified by alphanumeric designations K-4, K-5, K-11, and K-12 alone; and (2) when specifiers de-

mand plaintiff's good identified by the alphanumeric designations in connection with the name K-S-H. With respect to the latter basis for palming off, the court did not hold, as plaintiff states, that when a panel manufacturer sells a CAROLITE panel in such circumstances CAROLITE is guilty of aiding and abetting palming off. To support that statement plaintiff refers to Findings of Fact 16, Vol. II, R. 44, and Conclusion of Law VI, Vol. II, R. 46. A reading of the findings and conclusions of law indicates that only in very limited situations is Carolite guilty of aiding and abetting palming off in accordance with the Findings of Fact and Conclusions of Law. These findings and conclusions of law are as follows:

“Findings of Fact 16, Vol. II, R. 44:

Specifications prepared by lighting engineers and architects which describe or designate lighting panels with a “K-number” in conjunction with the terms K-S-H or K-LITE are a demand upon the supplier to provide a lighting panel manufactured only by plaintiff, and if a lighting panel manufactured by other than plaintiff is supplied, prior approval must be obtained from the architect or lighting engineer who prepared the specification by the fixture manufacturer.”

“Conclusions of Law VI, Vol. II, R. 46:

Defendant, CAROLITE, INC. or J. W. CARROLL & SONS, is guilty of unfair competition when CAROLITE, INC. or J. W. CARROLL & SONS, substitutes a C-4 panel for a *K-S-H K-4* panel *which was so requested from CAROLITE, INC. or J. W. CARROLL & SONS.*” (emphasis added).

With respect to the possibility of palming off when the alphanumeric designations alone are used, the plaintiff to sustain a cause of action against CAROLITE must first show that there was, in fact, palming off in such situations. To sustain this position, it must show that the alphanumeric designations are, in fact, trademarks, and more than that, the plaintiff must show that in the orders or specifications when used as part of a description of a fixture these marks, if they were trademarks, were so employed by the particular specifier. Then it would seem necessary to show that when alphanumeric designations alone were employed in specifications to indicate a particular panel manufacturer this was known or should have been known to the fixture manufacturer. Once this palming off is established then it would seem that the defendants in order to aid and abet would be required to have knowledge of such specification along with the meaning of this specification and knowledge that there was no approval obtained in the particular job which it is supposedly aiding and abetting palming off. With all these facts existing, then the defendants would have to sell the panels for the particular job. A given fixture manufacturer may have numerous jobs under all sorts of specifications. When a panel manufacturer supplies panels or inventory there is no telling for what specification or for what job these panels may be used [See orders introduced by plaintiff. Plf. Exs. 74-89]. This is the responsibility of the fixture manufacturer. The component supplier is in no position to control the fixture manufacturer who is its customer or to monitor specifications on an industry basis.

The *American Brake Blok* case, *supra*, is particularly relevant as to the point of component supplier-liability. In that case the brake lining manufacturer sold its component to the service center and the service center had the election to install the brake lining requested by the customer or another one. The court therein stated in essence that the supplier of a component should not be held for the dishonest acts of a service station regardless of the similarity of the trademarks and the identity of the product. The case of *Day-Brite Lighting Inc. v. Sandee Lighting Mfg. Co.*, *supra*, is also relevant to this situation. In that case the defendant sold prismatic panels identical to that of the particular plaintiff. The marketing and distribution situation was substantially identical to that in the present case (The theory of plaintiff was somewhat different). The court in that case sustained the defendant and held that there has been no unfair competition by producing a substantially identical prismatic panel.

The attitude of the courts in applying the principle of contributory palming in a retail dealer-manufacturer situation, that is, where the retail dealer is selling the product of the defendant manufacturer as the product of another and the manufacturer of the product is charged with contributory infringement is stated in *Swank, Inc. v. Anson, Inc.*, 196 F. 2d 330 (1st Cir. 1952). There the court in considering the activity of the manufacturer and his dealers, stated:

“Nor can we say that the somewhat vague and unconvincing testimony that some dealers on occasion had sold Anson products to shoppers hired by plaintiff when they asked for Swank ones warrants the discussion of the charge of contributory unfair competition leveled by the plaintiff. . . .

The reason for this is that there is no evidence of any wide spread practice on the part of the dealers to palm off Anson items when asked for Swank products. At the most, all that appears is that a few dealers had occasionally done so, and perhaps done more by accident than design. And there is no evidence that defendant ever instructed, urged, or even suggested that its dealers sell its products in substitution for the plaintiff's products. As appeared in *William R. Warner & Co. v. Eli Lilly & Co.*, (1924) 265 US 526, 44 S. Ct. 615 . . .”

It should be noted that in the Anson case the Court was not considering the vendor who supplied parts or components (diffusers) to a manufacturer who then employed the component in assembled articles. The court was referring to a completed product manufacturer who certainly has a greater responsibility than the component manufacturer and is in a better position to control distribution of the products. Even under such circumstances where the manufacturer of the completed product was the defendant and where the trademarks Swank and Anson were well established, distinguishable and understood by the dealers, the court was unwilling to hold the manufacturer for unfair competition because on occasion some dealers sold Anson products for Swank. Similarly, see *Sylvania Electric Products v. Dura Electric Lamp Co.*, 144 F. Supp. 112 (D.N.J. 1946); *Mattel Inc. v. Goldberger Doll Manufacturing Co.*, *supra*.

In summary, the above cases state that an important consideration in a contributory palming off situation is the causation by the particular defendant, in this situation the prismatic panel component supplier. It is sub-

mitted that in the instant case, the plaintiff has not sustained the most minimal "but for" test of causation. Defendants' product is a component incorporated as part of its fixture which is marketed under the fixture manufacturer's name and a number of its own. The defendants' marketing efforts and product identification is substantially terminated with the sales to the fixture manufacturer. There is nothing that the defendants could do with regard to its product or with regard to the fixture manufacturer which would meaningfully lessen the alleged possibility of palming off other than to give up its crystal clear right to produce its patterns. Regardless of what the defendants called its product or patterns, who it employed to produce its embossing rolls or photometric data, the alleged possibility that a fixture manufacturer will palm off assuming a particular panel is requested will remain. All of the facts which plaintiff attributes to the defendants have no bearing on what happens to the product after it is sold to the fixture manufacturer.

To establish contributory palming off the plaintiff does not show a particular specification requiring K-numbers, then the meaning of the particular specification, and then plaintiff's knowledge and activities as to that particular specification. Plaintiff rather relies on unrelated facts to construct some type of insinuation or innuendo of contributory palming off. In each and every instance that plaintiff has attempted to take a particular specification having a pattern designation K-4, etc., therein and prove that defendants have palmed off with respect to such specification he has completely and utterly failed [Plf. Exs. 49-52]. The only specifier that testified with respect to a specification calling

for the prismatic panels by alphanumeric designations stated that that specification he was responsible for did not require a particular panel manufacturer [R. 863-870]. Throughout the trial, the plaintiff introduced various specifications having the panel specified by alphanumeric designation but yet never called the actual specifier to ask him what that specification meant. Plaintiff preferred to prove what a particular specification meant by persons who had never written such a specification or by fixture manufacturers that purchased most of their prismatic panels from K-S-H or other fixture manufacturers that had some close personal relationship with the plaintiff. Thus, the plaintiff never proved even the broad proposition that there was a specification wherein the defendants' prismatic panels were supplied and the specification was intended to call for plaintiff's prismatic panel. Thus, palming off has not been proven *a fortiori* contributory palming off has not been proven.

It should be recognized that the specifier may place an alphanumeric designation such as K-5 in a specification selected from the fixture manufacturers' catalog as part of the fixture manufacturer's designation wherein the alphanumeric designation is defined by the fixture manufacturer to mean only a flat plastic panel. For example, in the Acme catalogue, K-5 is stated to mean a flat plastic panel [Plf. Ex. AE]. This fact along with the testimony of the specifiers who use the alphanumeric designations in specifications that the alphanumeric designations mean only a pattern along with a host of other testimony that the alphanumeric designations only mean a pattern (as set forth in the Sunbeam Brief) clearly supports the Court's holding

that alphanumeric designations used alone in specifications and orders connote only pattern configuration. With this clearly established in the face of plaintiff's lack of proof of palming off, the aiding and a betting theory collapses.

The above is but a few elements (trademark existence, use in specifications, and causation) in the series of elements that the plaintiff has not established which are necessary to make out a *prima facie* case. For example, the only question as to defendants' knowledge of specifications was asked by the Court. The witness in that instance stated that the defendants did not know of substitutions [R. 606-607]. The testimony was as follows:

“The Court: So your testimony is that Caro-lite never knew of this—so far as you know—never knew of this substitution?

The Witness: That's correct, Sir, they did not.”

The prime facts upon which plaintiff bases its contributory palming off theory are the facts previously discussed relating to catalogues, ITL, Rochlen, Tedlar, etc., and the additional facts: (1) that Caro-lite called attention to its panels as equivalent to those of the plaintiff; (2) that a fixture manufacturer told Caro-lite to put “K-5” on its box; and (3) that on occasion defendants use plain boxes rather than marked boxes. The reason for defendants pointing out the equivalency of its panels is, obvious. It must point out such equality to enable the fixture manufacturer to obtain approval when an approval is required. K-S-H advertising recognizes a need for panel manufacturers to show that their products are “or equal.”

With respect to the second fact the plaintiff asks why would a fixture manufacturer want to mark its cartons K-5 unless it wanted to substitute without approval. The actual instruction to Carolite was "Mark PSM18x4K-5" not as stated by plaintiff in its brief [Plf. Ex. 91]. The reason for this apparently is that the fixture manufacturer employs this as a designation of his fixture or part thereof. Since the boxes from Carolite go into an inventory the marking on the box indicates the parts in the box with respect to the fixture manufacturers catalog system.

And finally, plaintiff states Carolite ships lighting panels in plain cartons. As previously stated, when products are to be sold under private label, they may be shipped in plain cartons and when J. W. Carroll & Sons make special custom parts [7400 side panel—Def. Ex. BK] per manufacturer's specific design, it may ship such products in plain boxes [Plf. Ex. 132A].

The plaintiff concludes its position by stating that the defendants knew or should have known that its products were being sold when a K-4 or K-5 pattern appear in a specification. All of the record referred to by plaintiff to support this position is irrelevant. There was little, if any, evidence introduced to indicate that defendants knew anything about specifications or specification practices at the time of this trial or prior thereto. Moreover, there is nothing to indicate that the defendants knew that approval was not being obtained in various situations or with respect to a particular specification and especially with respect to particular specifications involving alphanumeric designations. The approval process of a particular fixture manufacturer is their internal business procedure which a component

supplier has little if any basis to tamper with or to become involved in.

In summary, the descriptive meaning of the alphanumeric designations, the position of the defendants as a component supplier, the failure of plaintiff to prove palming off, the many orders and specifications, etc., handled daily, the lack of knowledge by defendants of particular specifications involving alphanumeric designations, the lack of knowledge by defendants of fixture manufacturer approvals or substitutions and the testimony of witnesses introduced which had written such specifications involving alphanumeric designations that K-4, etc. were pattern descriptions (along with other facts stated above) dictate that the most the defendants have done to aid or abet is to sell panels which are substantially identical to those of plaintiff. This is an act which it has ever right to do and an act sanctioned by the *Sears* and *Compco* cases, *supra*.

### Conclusion.

The registered trademark CAROLITE, does not infringe the registered trademark K-LITE. Defendant has not committed unfair competition by contributory palming off. The use of the alphanumeric designations by defendants is not part of a predatory plan and has not created any likelihood of confusion.

Respectfully submitted,

SPENSLEY, HORN & JUBAS,

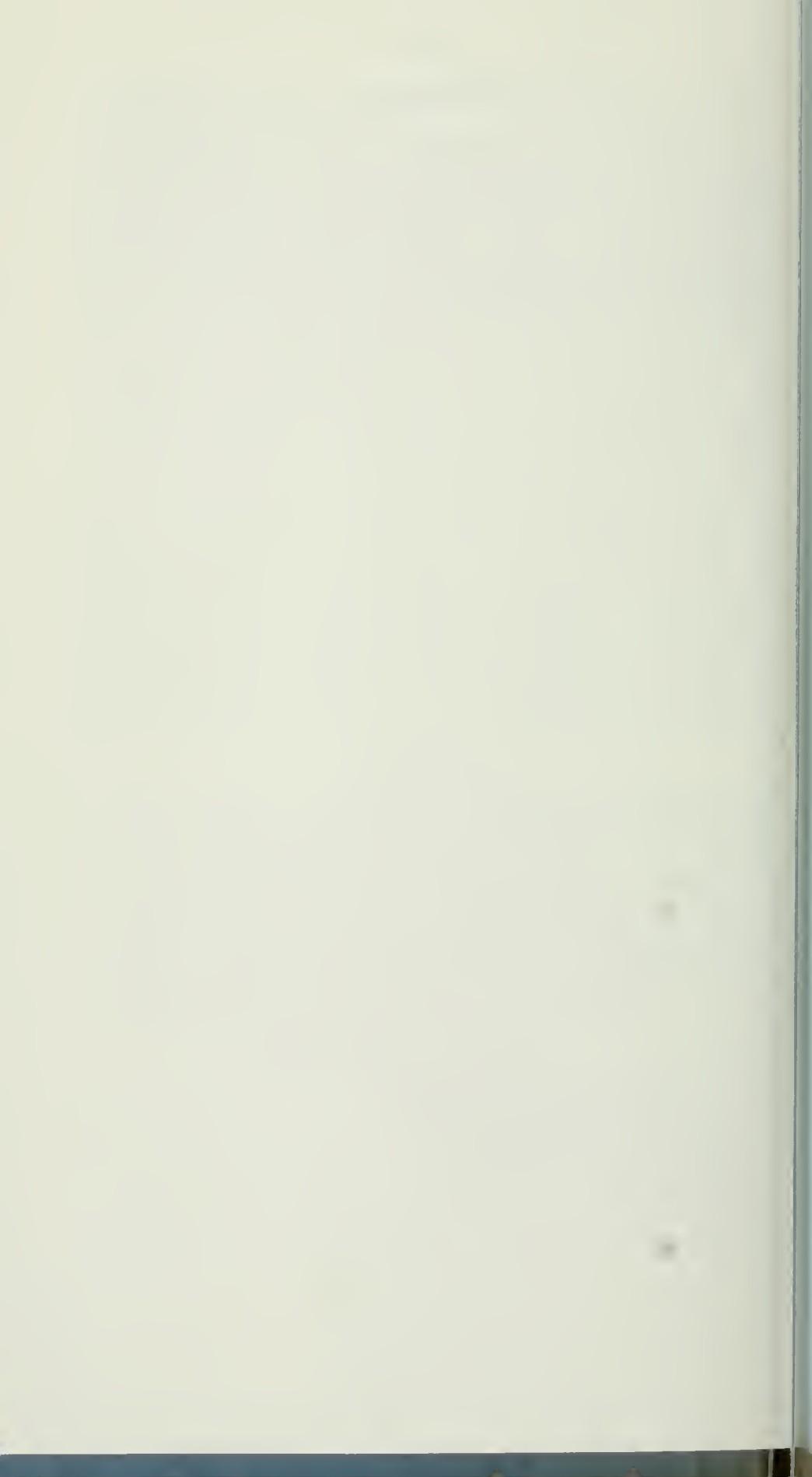
By STUART LUBITZ,

*Attorneys for Appellee.*

**Certificate.**

I certify that, in connection with the preparation of this brief, I have examined Rules 18, 19 and 39 of the United States Court of Appeals for the Ninth Circuit, and that, in my opinion, the foregoing brief is in full compliance with those Rules.

STUART LUBITZ



## **APPENDICES.**

- A. Chart I—Specification Procedure.**
  - B. Chart II—Manufacturing of Fixtures.**
  - C. Post Trial Brief—Lincoln Hospital Job Facts.**
  - D. Findings of Fact and Conclusions of Law—  
(Trial Court).**
-



APPENDIX A.

Chart I.

SPECIFICATION CHAIN



BUILDING SITE OWNER



ARCHITECT

CHANICAL

RUSTRUAL

6.

BID BASIS

ELECTRICAL ENGINEER

GENERAL CONTRACTOR

ELECTRICAL CONTRACTOR

ELECTRICAL WHOLESALER

LIGHTING FIXTURE  
MANUFACTURER

COMPONENTS  
BALLASTS

SOCKETS

STEEL

DIFFUSERS

WIRE

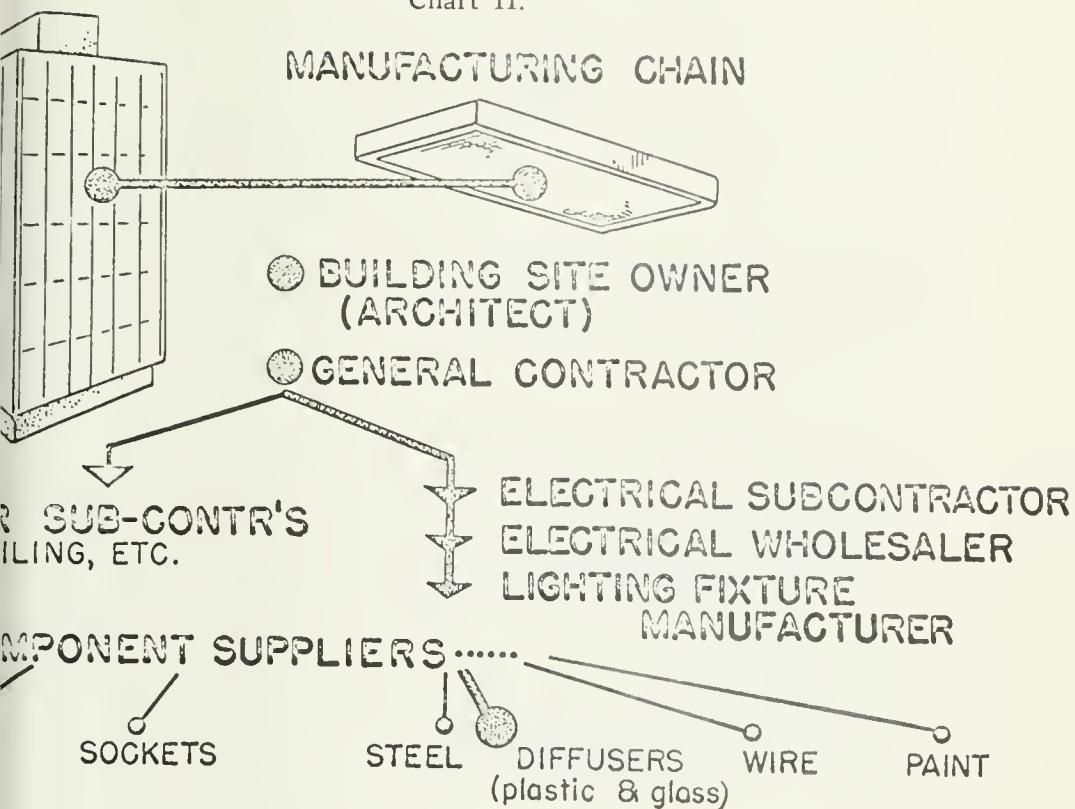
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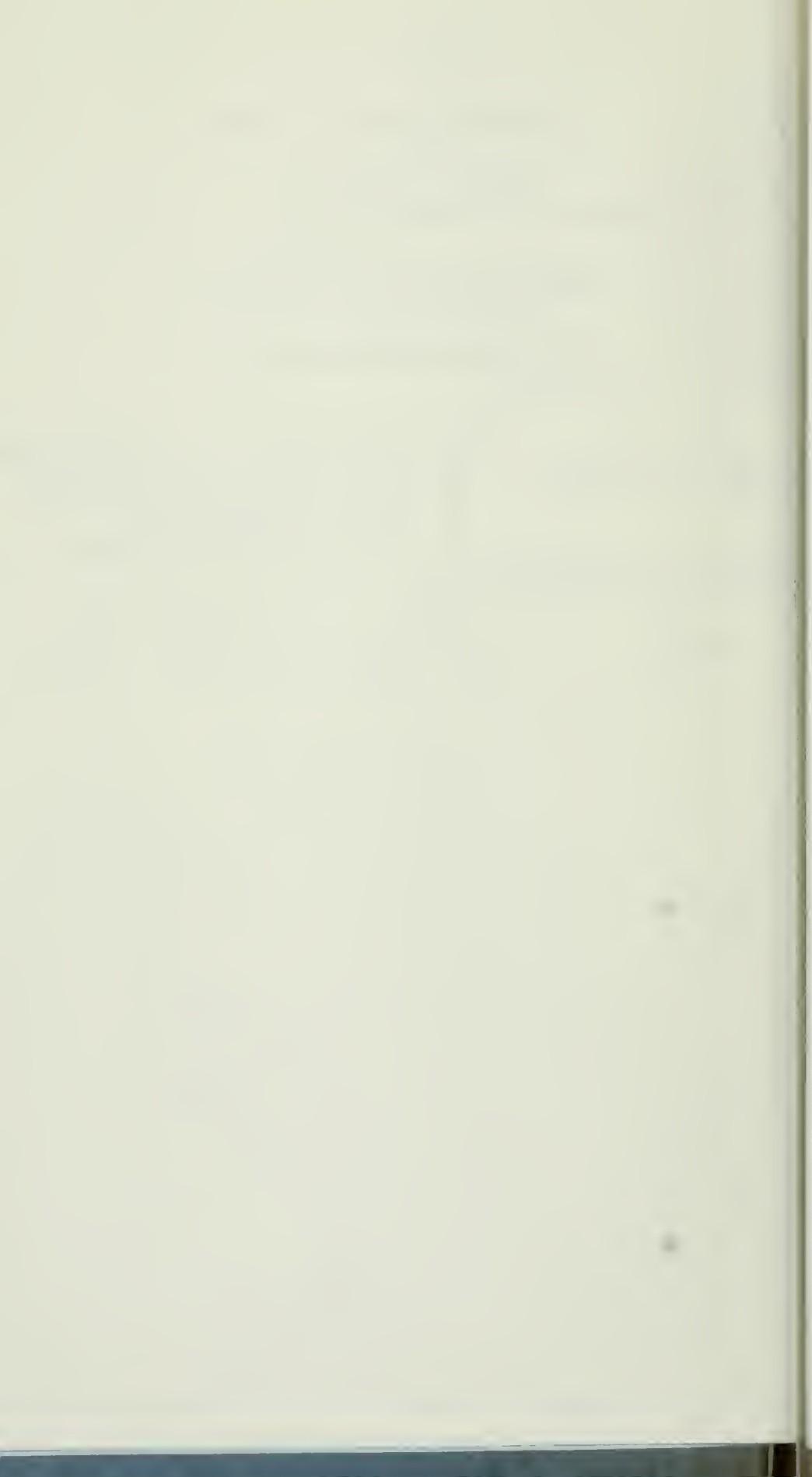
APPENDIX B.

Chart II.

MANUFACTURING CHAIN



- SHEFFIELD
- ROTUBA
- SOUTHERN PLASTICS
- WALL JOHN
- ATLAS
- ROHM & HAAS
- PLASKOLITE
- CAST OPTICS
- SUPERIOR
- SANDEE
- K S H
- CAROLITE
- CORNING
- HOLOPHANE



## APPENDIX C.

### Post Trial Brief.

In the United States District Court, for the Central District of California.

K-S-H Plastics, Inc., a Missouri corporation, Plaintiff, vs. Carolite, Inc., a California corporation, and J. W. Carroll & Sons, a California corporation, Defendants.

K-S-H Plastics, Inc., a Missouri corporation, Plaintiff, vs. Sunbeam Lighting Co., Inc., a California corporation, Defendant. Civil Action No. 65-1238-HW consolidated with Civil Action No. 66-168-HW.

### STATEMENT OF FACTS OF THE LINCOLN HOSPITAL JOB AS THEY SPECIFICALLY RELATE TO THE DEFENDANT, CAROLITE.

On or about November of 1963, Sunbeam Lighting Company received an order from Howard Electric Company (Plaintiff's Exhibit 134), for fixtures incorporating K-S-H K-4 acrylic panels for the John C. Lincoln Hospital job (Plaintiff's Exhibit 134, Transcript, pp. 579-581). When Sunbeam attempted to purchase these panels from Plastic Specialties, the K-S-H representative on the West Coast, Sunbeam found the price to be exorbitant. (Transcript, p. 580). As an alternative, Mr. Hardin, who was purchasing agent for Sunbeam, was directed to contact J. W. Carroll & Sons in order to see if the K-S-H K-4 pattern could be bought by J. W. Carroll & Sons through another source (e.g., another fixture manufacturer that buys from K-S-H) at a price that would be lower than that which was quoted directly from K-S-H. (Transcript, p. 580).

It is extremely important to note that at this time (November, 1963—May, 1964), J. W. Carroll & Sons, and/or Carolite, did not make a competing lens panel which would match, or which was intended to match in every detail, that of the K-S-H K-4 pattern. (Stipulated Facts #13) Even though J. W. Carroll & Sons was not making a competing lens panel it was still able to buy for its customer, Sunbeam Lighting Company, the K-4 pattern manufactured by K-S-H at a lower price than that which was quoted by K-S-H to Sunbeam (Transcript, p. 580). Consequently, Sunbeam sent a purchase order to J. S. Carroll & Sons which was received on May 13, 1964, specifically asking Carolite to provide K-S-H K-4 acrylic panels (Plaintiff's Exhibit 142).

In June, 1964, Carolite filled the above May 13, 1964, order, shipping the K-S-H acrylic panels having the K-4 pattern to Sunbeam. Sunbeam shipped the fixtures with the K-S-H panels to the Lincoln Hospital job (Transcript, pp. 581-4, Plaintiff's Exhibit 142). Those panels which were sent were damaged in transit or in storage at the job site (Transcript, pp. 590-591). In any event, several months after the first order, Carolite received a new request (first replacement order) from Sunbeam for additional lens panels for a Lincoln Hospital job. (Plaintiff's Exhibits 136, 137; Transcript, pp. 590-591). This order to Carolite in no way indicated that it was related to the first order. (Plaintiff's Exhibit 137). The record is void of any evidence that Carolite knew of the nature of the specification for the Lincoln Hospital job, or knew of any approval or lack of approval on the part of Sunbeam, or knew of any particular relation-

ship between the first order and subsequent orders. The only testimony on this point which is quoted herein indicates that Carolite had no knowledge of the Lincoln Hospital job.

During the several months that had elapsed between the original order and the second order, Carolite had developed a competing K-4 pattern (Stipulation of Fact No. 13). This lens pattern was cataloged by Carolite as C-4. Knowing that Carolite had commenced manufacturing a K-4 pattern, Sunbeam in the second order specifically asked Carolite to provide its product. This order from Sunbeam to Carolite requested that Carolite's C-4 pattern match in every detail the K-4 pattern and material and also that it be sent directly to Howard Electric which is where the fixtures were located at the time of the second order. (Plaintiff's Exhibit 137)

Defendant, Carolite, filled its order as Sunbeam had requested by providing Carolite C-4 pattern (Plaintiff's Exhibit 136), by sending these lens panels to Howard Electric, by putting them in boxes unmistakeably marked as Carolite boxes (Defendant's Exhibit BN—Kohnen deposition, Vol. II, pp. 4-8 and Defendant's Exhibits BO and BP) and by preparing a packing slip bearing the name Carolite which described the product as C-4 clear acrylic lens panels (Plaintiff's Exhibit 136).

In addition to taking precautions to label its products as its own, the record also shows that Carolite had no knowledge of any possible or alleged substitution for the Lincoln Hospital. The only testimony as to Carolite's knowledge or possible knowledge of such alleged substitution was elicited by the court in its questioning of Sol Matloff, Executive Vice President of Sunbeam. The testimony went as follows:

"THE COURT: Before you start to cross examine, I would like to ask the witness a question or two.

I have before me Exhibit 146, which is dated 11-16. It is an order from the Howard Electric Company to the Sunbeam Lighting Company. It says, 'Please ship at once the following plastic to match existing plastic. . . .'

That is on November 16. On November 20 we have another statement from Sunbeam. We have got an order from Sunbeam to Carolite relative to C-4 clear acrylic.

It says, 'Note: Must match K-4 material in every detail. Ship direct to Howard Electric Company.'

Now, you did get this order in which it said to ship plastic to match?

THE WITNESS: Yes Sir.

THE COURT: And you did make the order to Carolite for C-4?

THE WITNESS: Yes, Sir.

THE COURT: Did Carolite at any time, as far as you know, see Exhibit 146, which is the one you got from Howard Electric Company?

THE WITNESS: No, Sir.

THE COURT: You never showed it to them at all?

THE WITNESS: No, Sir.

THE COURT: So after you got 146, you then directed the order to Carolite and substituted C-4?

THE WITNESS: Yes, Sir, due to the fact that I had felt—

THE COURT: I am not asking for an explanation now. I am just trying to get the sequence here.

THE WITNESS: Yes, Sir.

THE COURT: Now, we have Exhibit 136, which is an invoice from Carolite to Sunbeam. It shows that they are billing you for C-4 clear acrylic material.

THE WITNESS: Yes, Sir.

THE COURT: So your testimony is that Carolite never knew of this—as far as you know—never knew of this substitution?

THE WITNESS: That's correct, Sir, they did not.

THE COURT: All right."

There was a third order for material for the Lincoln Hospital job (Defendant's Exhibit BN — Kohnen deposition, Vol. 2, p. 13. ll 25, p. 14, l. 14) but this is apparently not in issue as plaintiff has in answers to interrogatories and at the trial stated that only the 305 replacement panels which were the subject of the second order, plaintiffs Exhibit 146, were relied upon. The only evidence of this third order with respect to defendants was a box from J. W. Carroll and Sons (not Carolite) that contained and was marked 7400 side panels (plaintiff's Exhibits 132 and 132a) which are formed parts (not prismatic sheet) made only for Sunbeam by J. W. Carroll and Sons and not a part of this suit. (Stipulated Facts - No. 13). The box containing this product was not marked with the Carolite name because it was not manufactured by Carolite.

Thus, as to the second order, Carolite filled the order of a customer, Sunbeam, invoiced the customer for the sale of Carolite C-4 lens panels, shipped the panel in marked boxes to Howard Electric and was subsequently paid. It did nothing more than sell a product as coming from Carolite which products were marked and designated with the non-infringing Carolite name and pattern designation.

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## APPENDIX D.

Defendants', Carolite, Inc. and J. W. Carroll & Sons,  
Modified Findings of Fact and Conclusions of  
Law.

Lodged Apr. 24, 1967.

Filed May 4, 1967.

United States District Court, Central District of California.

K-S-H Plastics, Inc., a Missouri corporation, Plaintiff, vs. Carolite, Inc., a California Corporation, and J. W. Carroll & Sons, a California Corporation, Defendants. Civil Action No. 65-1238-HW.

The above-entitled cause having come on regularly for trial and the Court having duly considered the evidence and the post trial briefs filed by the parties, and being fully advised in the premises, on the whole record now makes the following:

### Findings of Fact

1. Plaintiff, K-S-H Plastics, Inc., is a corporation incorporated under the laws of the State of Missouri, having its principal place of business at Kirkwood, Missouri.

2. Defendant, Carolite, Inc., is a corporation incorporated under the laws of the State of California, having its principal place of business at Wilimington, California.

3. Defendant, J. W. Carroll & Sons, is a corporation incorporated under the laws of the State of California, having its principal place of business at Wilmington, California.

4. Plaintiff began to manufacture plastic prismatic lighting panels in 1958 and has continued to make and sell such panels throughout the United States for the last eight years.

5. Defendant, J. W. Carroll & Sons, has manufactured and sold plastic prismatic lighting panels from April, 1963, until defendant, Carolite, Inc., assumed the manufacture and sale of plastic prismatic lighting panels in approximately August, 1964.

6. The plastic prismatic lighting panels made and sold by the parties are sold to the same class of customers and through the same channels of distribution.

7. The term "plastic prismatic lighting panels" is used to identify lighting panels which are flat sheet panels adapted for use with fluorescent lighting fixtures and having a precise geometric pattern embossed thereon for engineered refraction or control of rays generated from fluorescent bulbs. Such panels are distinguished in the trade from plastic "shapes" which are of various three-dimensional configurations. Flat sheet prismatic lighting panels are often referred to as "lenses."

8. Lighting panels are distributed to the trade in the following manner:

Specifiers (architects or lighting engineers) as agents for the building owners, prepare a specification identifying the electrical equipment, including lighting fixtures, and the lighting panels to be used therewith, in a specification which is distributed ultimately to lighting fixture manufacturers. Bids are prepared by the lighting fixture manufacturers and submitted to the specifiers for approval. Items which are in-

tended to be provided which are not in accordance with the specification may be submitted by the lighting fixture manufacturer for approval of such substitute by the specifier. Based on these bids, the specifier or owner awards the contract to a general contractor or an electrical equipment distributor. In the event that the lighting panel is specified to be that of a particular lighting panel manufacturer, the panel is ordered from the lighting panel manufacturer, such as plaintiff or defendants, or approval is obtained by the fixture manufacturer for the substitution of a panel from another panel manufacturer. Lighting panels are supplied to fixture manufacturers by defendants and plaintiff in cartons with their respective names thereon. The plaintiff, in addition, imprints its name in the corner of the panel with transparent letters about  $\frac{1}{4}$  inch in height. Some fixture manufacturers, in fitting the panel to the fixture, trim it therefrom. The panels are placed in the fixtures by the fixture manufacturers and shipped to the job site. The plaintiff's transparent printing that remains on the panel is obscured by the fixture.

9. On or about June 30, 1958, plaintiff adopted and began to use the trademark K-LITE on, and in connection with, the sale of a line of its specification quality plastic prismatic lighting panels. The plaintiff has no patent or exclusive right with respect to its pattern designs or panels.

10. Plaintiff registered the term K-LITE under the Federal Trademark Act of 1946, 15 U.S.C. Sec. 1051, et. seq., on the principal register, as Registration No. 687,973, issued November 10, 1959, which registration is presently in full force and effect, and

plaintiff has now acquired incontestable rights in such trademark under the provisions of 15 U.S.C. Sec. 1065.

11. Defendant, J. W. Carroll & Sons, adopted and began to use in April, 1963, the term CAROLITE in connection with the sale of plastic prismatic lighting panels. Defendant, Caroite, Inc., has used since August, 1964, to the present time, the term CAROLITE in connection with the sale of its line of plastic prismatic lighting panels. The term CAROLITE is usually employed in the following logotype form:

CAROLITE

12. Defendant, J. W. Carroll & Sons, registered the term CAROLITE under the Federal Trademark Act of 1946, 15 U.S.C. Sec. 1051, et. seq., on the principal register, as Registration No. 793,855, issued August 10, 1965, which registration is presently in full force and effect.

13. Plaintiff presently manufactures and sells a number of different patterns of plastic prismatic lighting panels. Plaintiff identifies its different plastic prismatic lighting panel patterns with "K-numbers," each pattern bearing a different number preceded by the capital letter "K." The patterns presently manufactured and sold by plaintiff are identified as K-4, K-5, K-11 and K-12, etc. The plastic prismatic lighting panels which are the subject of this action are K-4, K-5, K-11 and K-12. These patterns were first sold as follows:

K-4	About May, 1958
K-5	About March, 1959
K-11	January, 1963
K-12	October, 1963

14. Defendant, J. W. Carroll & Sons, did, and defendant, Carolite, Inc., does manufacture and sell a number of different patterns of plastic prismatic lighting panels. Defendants identify their plastic prismatic lighting panel patterns in their CAROLITE line with "C-numbers." Defendants' CAROLITE line of plastic prismatic lighting panels comprises C-4, C-55, C-11 and C-12 panels. Each of such panels have a pattern which is identical to plaintiff's panels having the similar designation. These panels were first sold in connection with the "C-numbers" and the term CAROLITE as follows:

C-55	April, 1963
C-11	January, 1964
C-12	June, 1964
C-4	December, 1964

The defendant, Carolite, Inc., also manufactures Sunlux, Metalux, and C-1 patterns. The defendant, J. W. Carroll & Sons, presently manufactures and sells only custom plastic parts and other items which are not in issue in this suit.

15. The pattern designations C-4, C-55, C-11 and C-12 are not confusingly similar to the pattern designations K-4, K-5, K-11 and K-12; the plaintiff has not shown that there is actual confusion or a likelihood of confusion, mistake or deceit by reason of the use of the designations in connection with similar products. The term CAROLITE is not confusingly similar to the mark K-LITE; the plaintiff has shown no actual confusion or a likelihood of confusion, mistake, or deceit by reason of the use of the terms in connection with similar goods. The designations, "C-numbers" and

CAROLITE, of defendants are not visually nor phonetically similar to those of plaintiff and to the extent of any similarity are descriptive. The use of tools from the same engraver as plaintiff, "C-numbers," patterns substantially identical to plaintiff, and the same testing laboratory as plaintiff, does not create any confusion or likelihood of confusion or does it show any intent to palm off. The defendants, Carolite, Inc., and J. W. Carroll & Sons, display their name on their cards, stationery, order forms, invoices, packing slips and cartons in which all products are shipped. The catalogs and test reports of defendants are clearly marked with their names. The usual way of ordering panels is to telephone the order into Carolite and then confirm by written order. The customers of plaintiff and defendants are sophisticated buyers.

16. Specifications prepared by lighting engineers and architects which describe or designate lighting panels with a "K-number" in conjunction with the terms K-S-H or K-LITE are a demand upon the supplier to provide a lighting panel manufactured only by plaintiff, and if a lighting panel manufactured by other than plaintiff is supplied, prior approval must be obtained from the architect or lighting engineer who prepared the specification by the fixture manufacturer.

17. The use of alpha numeric designations (K-4, K-5, K-11, etc.) in specifications and orders without more does not require that a panel from a particular manufacturer be supplied. Many other manufacturers also use alpha numeric pattern designations. The alpha numeric designations used alone and not in conjunction with the terms K-S-H or K-LITE in a specification or used alone but as part of a fixture descrip-

tion in the specification or used alone in an order describes only the desired pattern of a diffuser or panel.

18. At the conclusion of plaintiff's case the defendants made a motion to dismiss which was granted with regard to all matters except the Lincoln Hospital Job. The defendants, Carolite, Inc. and J. W. Carroll & Sons, precluded from introducing evidence other than on the Lincoln Hospital Job.

19. Beginning in 1963, the John C. Lincoln Hospital was designed and constructed in Sunnyslope, Arizona, and the specification for this job was prepared by James H. Evans, a lighting engineer employed by the architectural firm of Varney & Associates.

20. The specification for the Lincoln Hospital Job designated the lighting panels to be supplied with the term "K-S-H K-4 Flat Acrylic Lens." Sunbeam Lighting Co., Inc., was the fixture manufacturer chosen to supply the lighting fixtures and lighting panels for this job. K-4 lighting panels manufactured by plaintiff were purchased by Sunbeam Lighting Co. Inc., indirectly through defendant, Carolite, Inc., who purchased the K-S-H panels from a third party having such K-S-H panels (defendants did not manufacture a panel with the K-4 pattern at that time) and were supplied to the electrical contractor to be installed in the Lincoln Hospital. Defendants, J. W. Carroll & Sons and Carolite, Inc., had no knowledge of the specification in the Lincoln Hospital Job. Defendant, J. W. Carroll & Sons, supplied custom parts for the Lincoln Hospital Job which parts are not in issue in this suit.

21. Subsequently, lighting panels supplied on the Lincoln Hospital Job were damaged prior to installation and replacement panels were ordered from Sunbeam

Lighting Co., Inc. No approval for a substitute of lighting panels manufactured by other than plaintiff was solicited or obtained. Sunbeam Lighting Co. Inc., ordered C-4 panels from defendant, Carolite, Inc., and directed defendant, Carolite, Inc., to ship such replacement panels directly to the job site. The first order (original) and second order (first replacement) to Carolite, Inc. indicated that the purchases by Sunbeam were for the Lincoln Hospital Job. Defendant, Carolite, Inc., shipped the replacement panels in boxes with the name Carolite imprinted thereon to the Lincoln Hospital Job site.

22. The lighting engineer and electrical contractor on the Lincoln Hospital Job were unaware of the substitution of Carolite C-4 panels for the K-S-H K-4, panels until after the commencement of this suit, at which time it was called to their attention by plaintiff.

The following Conclusions of Law, insofar as they may be considered Findings of Fact, are so found by this Court to be true in all respects. From the foregoing facts the Court concludes:

### Conclusions of Law

#### I

This Court has jurisdiction over the parties and subject matter of this action.

#### II

K-4, K-5, K-11 etc., standing alone, do not, without more, call for K-LITE or K-S-H plastic panels.

#### III

The use of terms such as C-4, C-55, C-11, C-12 does not infringe plaintiff's designations K-4, K-5, K-11 or K-12.

IV

The use of the term CAROLITE does not infringe the terms K-LITE or K-S-H.

V

When an order to Carolite, Inc., or J. W. Carroll & Sons calls for K-LITE, or for K-S-H K-4, K-S-H K-5, K-S-H K-11 or K-S-H K-12, etc., defendants, Carolite, Inc. or J. W. Carroll & Sons, cannot substitute other materials without approval. Such substitution would be unfair competition.

VI

Defendant, Carolite, Inc. or J. W. Carroll & Sons, is guilty of unfair competition when Carolite, Inc. or J. W. Carroll & Sons, substitutes a C-4 panel for a K-S-H K-4 panel which was so requested from Carolite, Inc. or J. W. Carroll & Sons.

VII

Defendants, Carolite, Inc. and J. W. Carroll & Sons, have not committed unfair competition by making panels having patterns substantially similar to plaintiff, employing the designations C-4, C-55, C-11 and C-12, putting out a catalog, and employing Roehlen Engraving Works and Independent Testing Laboratories.

VIII

Plaintiff is entitled to nominal damages of FIFTY DOLLARS (\$50) from Carolite, Inc. and such costs as the court may tax in connection with this action.

ENTER: Harry C. Westover  
United States District Judge

Dated: May 4, 1967.